

# **THE STATUS OF ORGANIC AGRICULTURE IN NORTH DAKOTA**

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Prepared for

**The North Dakota Department of Agriculture**

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## WHAT IS ORGANIC?

“Organic” is a term used to describe how agricultural products are grown, processed and handled prior to their purchase by consumers. Organic food production is based on a holistic farming system, which reduces soil erosion, builds soil quality and enhances biodiversity without the use of chemical fertilizers and pesticides or in the case of livestock without the use of hormones or antibiotics.

“Certified organic” is a term used for products grown and processed following a strict set of standards, which have been verified by a third-party or state certifier. The process for certification includes a written application, an inspection, and detailed record-keeping to ensure farmers and processors are meeting the set standards.

In 2002, the first United States federal organic standards became effective. These standards were developed over ten years in response to the Organic Foods Production Act of 1990. These final rules address production, processing, labeling, handling, certification, recordkeeping and allowable inputs.

To use the term “organic” on processed foods, both the ingredients and the facility processing the food must be certified organic. This includes buildings where the ingredients are stored, equipment, product packaging and storage areas for final products must all meet organic the USDA’s National Organic Program (NOP) requirements. One component of the NOP’s Final Rule critical to food processors is the “National List of Allowed and Prohibited Substances.” This list details the synthetic products which can be used as food additives and for cleaning. Organic and non-organic products can be produced in the same facility, which is called a “split operation.” However, split operations must take measures to prevent commingling and contamination of organic ingredients and final products.

## ORGANIC AGRICULTURE & MARKETS IN THE UNITED STATES

Organic farming has been one of the fastest growing segments in agriculture over the past decade. Organic farmers in 48 states farmed 2.2 million acres of land organically in 2003, a 63 percent increase from 1997 (USDA/ERS, 2005). Still, this is a small portion of the total U.S. cropland and pasture, with only .3 percent and .2 percent certified organic in 2001 (Greene, 2002). Between 1997 and 2001, the largest organic cropland gains were seen in corn, flax, spelt and rice and the largest gains in livestock were in dairy and layer hen production (USDA/ERS, 2002).

Organic producers grow a diversity of crops in rotation to manage weeds, diseases and pests and to maintain and improve soil health. Highlighted below is national information about the significant crops grown in North Dakota.

**Grains.** In 2003, the organic grain acreage increased 20 percent from 2001. While North Dakota had the highest total organic grain acreage in 2001, Montana overtook North Dakota in organic grain acreage in 2003. Organic millet and other specialty grains showed substantial growth between 1997 and 2003 (USDA/ERS, 2005). The category of other specialty grains, which includes unclassified grains, milo, triticale, kamut, amaranth, and quinoa, increased 163 percent between 2001 and 2003. North Dakota continues to lead in the production of these specialty grains. Since 1997, many independent companies and large corporations have opened certified organic mills, which produce specialty flours from these specialty grains.

**Beans & Lentils.** The acreage for organic soybeans increased 28 percent in 2001. However, between 2001 and 2003, this acreage decreased 30 percent. A much higher share of organic soybeans are used for human consumption than conventional soybeans. While international markets, such as Japan, were relatively plentiful in 2001, these markets will face increasing competition in the next decade (Greene and Kremen, 2003). Dry beans, lentils and peas increased in acreage in 2001 and 2003. Colorado leads the country in the production of dry beans. Montana took the lead from North Dakota in the production of dry peas and lentils in 2003 (USDA/ERS, 2005).

**Oilseeds.** North Dakota has by far the largest acreage of organic oilseeds in the U.S. In 2001 the total acreage for oilseeds dropped, but this was due in part to poor weather conditions in North Dakota. This may also reflect volatility in the oilseed market (Greene and Kremen, 2003). In 2003, North

Dakota led the nation in flax production with 81 percent of the acres (USDA/ERS, 2005) Flax acreage is now more than double the acreage of sunflowers nationally. The consumer demand for flax has been increasing due to its Omega-3 fatty acids and fiber. Flax is used to make oil for food and in breads and cereals. Whole flax is also becoming a dietary supplement sold in grocery stores and health food stores.

**Livestock.** The USDA prohibited the labeling of organic meat and poultry until 1999 when a provisional label was approved by the USDA. Permanent standards were enacted in 2002. Since 1999, organic meats and poultry have exhibited strong growth. Markets for dairy products and eggs did not face the previous USDA labeling restrictions and continued to increase in production as well. Industry experts expect the increased production of beef cattle and other livestock to continue. Many producer cooperatives are encouraging producers to increase their production of organic livestock (Greene and Kremen, 2003). One major challenge to the organic meat markets is the strong niche market for “natural”<sup>1</sup> meat.

These growth patterns were also reflected in the organic industry’s consumer sales. According to the Organic Trade Association (OTA), consumer sales of organic foods grew 20.4 percent in 2003 and accounted for \$10.4 billion (2004). Organic foods have shown fairly consistent annual growth rates of 17 to 21 percent since 1997. It is anticipated the average annual growth rate of 18 percent will continue through 2008 (OTA, 2004). Fresh produce remains the highest selling category of organic foods and organic dairy products were the fastest growing category in the 1990s (Greene and Kremen, 2003). Sales of all organic food segments show strong growth in 2003. Sales of meat and dairy products are forecast to grow very rapidly because of some consumers’ concerns about animal welfare and food safety (Tringe, 2005). The Midwest Organic and Sustainable Education Service (MOSES), based in Spring Valley, Wisconsin, believes these market trends indicate opportunities for Midwest organic producers in dairy, poultry and beef, produce and soymilk and organic grains, particularly for feeding the growing organic meat market (Nopar, 2005).

**Consumer Trends.** According to industry research, 66 percent of U.S. consumers report using organic products, with 27 percent of the total population reporting using organic products weekly (Tringe, 2005). There are typically three venues for consumers to purchase organic foods – natural food stores, conventional grocery stores and direct-to-consumers sales. As organic foods become increasingly mainstream, they are becoming more commonplace in mainstream retail establishments. Independent natural grocery and health food stores combined with the largest natural food retail chains still represent the largest portion of the U.S. organic sales at 47 percent in 2003. However, the mainstream retail market, which includes grocery stores, supermarkets, mass merchandisers and club stores, made up 44 percent of sales in 2003. The remaining nine percent of sales is attributed to direct sales through farmer’s markets and co-ops, food service and exports (OTA, 2004). Organic farmers market their products directly to consumers much more frequently than conventional producers. However this frequency is also impacted by the size of the organic farm, with 60 percent of organic farms less than 10 acres and 12 percent of farms larger than 10 acres selling directly to consumers (Dimitri and Green, 2002).

**Organic Premiums.** It is also important to note that organic commodities usually command premiums. Organic fruits, vegetables and milk have been reported as having the highest premiums. Organic grains and soybeans, which demanded high premiums in the 1990s, have fallen in price, but they still command substantial premiums above conventional prices (Greene and Kremen, 2003).

## **ORGANIC AGRICULTURE IN NORTH DAKOTA**

**North Dakota Organic Commodity Production.** According to the USDA ERS in 2003, North Dakota had total of 145 certified organic farms, which is down from a high of 176 farms in 2001. North Dakota ranked fourth in certified organic acreage with 147,780 certified acres. This was a 62.8

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<sup>1</sup> The USDA defines “natural” as a term “applied only to products with no artificial ingredients, coloring ingredients, or chemical preservatives; and the product and its ingredients are not more than minimally processed.”

percent increase in organic acreage from 1997, which is just slightly less than the total U.S. percentage of change of 63.1 percent during the same time period. (Table 1)

**Table 1. Changes in Certified Acreage (USDA/ERS, 2005)**

	1997	2001	2003	% Change 1997-2003
Certified Organic Acres (ND)	90,790	159,300	147,780	+62.8%
Certified Organic Acres (US)	1,346,558	2,094,272	2,196,874	+63.1%
ND % of Total Organic Acres	6.74%	7.60%	6.73%	
ND Rank	5 <sup>th</sup>	4 <sup>th</sup>	4 <sup>th</sup>	

As of 2001, North Dakota led the U.S. in the production of organic grains and oilseeds. However, in 2003 Montana overtook North Dakota in the production of organic grains. Specific crops that North Dakota ranks first in production include: oats, buckwheat, other specialty grains (unclassified grains and milo, triticale, kamut, amaranth, quinoa), and both flax and sunflowers. (Appendix A) North Dakota is by far the leader in production of oilseeds, producing 51 percent of the U.S. total production. North Dakota ranks second in the production of dry beans, dry peas and lentils. (USDA/ERS, 2005)

Though North Dakota ranks only eighth in organic beef production, the growing markets for organic livestock may provide a real opportunity for North Dakota producers. Regional producer cooperatives, Organic Valley Family of Farms based in Wisconsin and the Organic Grassfed Beef Coalition (OGBC) based in South Dakota, are both actively seeking livestock producers in North Dakota. In a phone interview, Angela Pridie, Executive Director of OGBC, stated their cooperative cannot meet the demand for organic grass-fed beef right now. She anticipates this market to continue to grow as “consumers continue to become more particular about the type of meat they are eating.” However, in addition to the livestock production opportunities, North Dakota producers will also have an increased demand for grains and products to feed livestock as the organic meat and dairy markets grow.

With the growth of organic agricultural production, the number of organic certifiers working in the state has also increased. In 1997, there were only two organic certifiers in the state – Organic Crop Improvement Association (OCIA) based in Lincoln, Nebraska and International Certification Services (ICS) based in Medina, North Dakota. As of 2001, there were five certification companies in the state: OCIA, ICS, Stellar Certification Services based in Junction City, Oregon, Global Organic Alliance based in Bellefontaine, Ohio, and Quality Assurance International (QAI) based in San Diego, California.

**North Dakota Organic Processing.** As of August 2005, 29 companies in North Dakota are organically certified to handle and/or process organic products (Appendix B). These companies are diverse in size, ranging from commercial scale food processors to value-added on-farm processing plants. However, almost all of the state’s certified organic companies handle or process organic grains, beans or oilseeds. A majority of the organic product being sold by North Dakota processors is not a finished product for consumers and is being sold to brokers, other processors, and exporters.

Many companies provide cleaning, bagging and storage services for organic commodities, with four such companies in the state specializing in organic flax for human consumption. Because the identity preserved (IP) market is very similar to the tracking required for organic products, many of the larger companies deal with IP conventional products as well.

As mentioned earlier, there is considerable market growth for specialty flours. This is also true in North Dakota. Mick Johnson oversees the organic flour production at the North Dakota Mill in Grand Forks, North Dakota. Johnson reported growth of their organic lines by more than 50 percent in each of the past seven years since the mill was certified organic. He anticipates this growth will continue, which will have a significant impact on North Dakota producers who supply 90 percent of the organic hard red spring wheat and durum for this company. This growth is also taking place at Earth Harvest Mills located in Harvey, North Dakota. Earth Harvest Mills produces the Dakota Prairie Organic line of products. The company is in its first year of production and their spelt and amaranth specialty flours

are in high demand because they are gluten free. However, it is difficult for the company to source these rare raw products. Zach Tillinghast, the company's Miller, anticipates Earth Harvest Mills will continue to increase its production over the course of the next few years.

However, this is not the experience of all organic food processors. According to Maria Harmon, Executive Administrator for Dakota Growers Pasta Company in Carrington, North Dakota, the demand for organic pasta has not been as strong as other healthy pasta options, like whole wheat or Dreamfields low-carb pastas produced by their company. However, as consumer demand continues to increase for healthier food options, Dakota Growers has had interest in providing organic pastas as private store brands to supermarkets in the U.S.

The Central Dakota Beef plant in Harvey, North Dakota, is in the process of becoming the only certified organic meat processing plant in the state. Plant Manager Aaron Baustad anticipates they will be certified by September 2005. The plant will continue to slaughter cattle, bison and farm-raised elk. Baustad is optimistic that the organic certification will provide a specialty processing service, which is needed within the state. He has already had some interest and the plant is not certified yet. Baustad also noted the organic certification process has not been difficult because it is very similar to the federal meat inspection guidelines.

## **BARRIERS TO GROWTH OF ORGANICS IN NORTH DAKOTA**

There are a variety of challenges for organic producers and processors. To access these barriers, the Northern Plains Sustainable Agriculture Society (NPSAS), with technical assistance provided by the North Dakota State University Extension Service, conducted surveys of both groups. The complete survey results and more extensive analysis are included in Appendix C. Interestingly, both groups' technical assistance and information needs were related. In addition to the survey findings, many interviews were conducted with agricultural professionals, producers and processors throughout the state and the region. NPSAS also hosted a conference call for stakeholders to review the findings and make recommendations based on those findings and their own experiences.

**Producer Needs.** Sixty producers, 91 percent of respondents indicated their farms were either certified organic or farmed organically, without certification. As expected, respondents raised a variety of crops and livestock, which were marketed through a variety of channels. Seventy-seven percent of respondents reported they do not belong to a marketing or processing cooperative. However, marketing seems to be the most pressing challenge for producers. When comparing the response averages to questions identifying processing barriers and marketing barriers, the marketing barriers had a slightly higher average.

By comparing the processing problems identified and the usefulness of various processing information and services, four responses were rated highly on both lists: identification of regional specialty food processors; lack of organic food processors; identification of regional organic processors; and access to federally inspected meat processors. By comparing the marketing problems identified with the usefulness of specific marketing information and services, two responses were ranked highly on both lists: organic product pricing information and the development of marketing cooperatives and associations.

These findings are supported by the open-ended responses to the question, "What information or services would have the greatest positive impact on their economic sustainability?" Respondents' replies fell into some general categories, which correspond to the needs and useful services and information.

1. **Pricing Information:** Five respondents indicated services providing pricing information for marketing crops would be most helpful to them.
2. **Development of Local Markets:** Five respondents indicated the development of more local markets for locally grown or processed products would be most helpful to them.

3. **Cooperative Marketing Effort:** Four respondents indicated the most helpful service to them would be the creation of a cooperative to market organic products to coordinate marketing products, advertising, branding, and a certified organic label.
4. **Bulletin Board:** Three responses incorporated the idea of an on-line marketing bulletin board or other type of clearinghouse for information about producers looking to sell and processors and consumers looking to buy.
5. **Education:** A variety of education needs were expressed by individuals, including consumer education about topics such as CSAs, benefits of local products and nutrition information. Farmer education was another suggestion.
6. **Networks:** Some respondents indicated they would like to form a network of other local producers to share resources, equipment and/or work for grass-finished livestock producers, CSA systems, converting to organic, and/or sustainable production.

While survey respondents indicated an interest in cooperative marketing efforts, a recent focus group of organic producers had different results. In February 2005, NPSAS conducted a focus group of 50-60 producers discussing marketing issues for various organic commodities. According to Theresa Podoll, the NPSAS Stewardship Fund Director, producers indicated they would rather work through an existing marketing group, such as OFARM, to gain market information than form an independent grower cooperative.

The Organic Farmers Agency for Relationship Marketing<sup>2</sup> (OFARM) is an association of organic farmer cooperatives and associations. OFARM works to coordinate efforts of producer marketing groups to benefit and sustain organic producers. One of the main functions of this organization is to help members share market information and compile lists of brokers and other customers who are reputable. The Capper-Volstead Act of 1922 gives qualifying<sup>3</sup> farmers the right to organize to price their products. To participate in this organization, farmers must belong to a member cooperative or association. North Dakota producers can participate by becoming members of National Farmers Organics (NF Organics) and working with their marketing agent as a consultant. NF Organics works with producers in North Dakota, South Dakota and Iowa; however, there is currently very little participation from producers in either of the Dakotas.

A variety of other producer needs have also been articulated by agricultural professionals as well as producers through interviews conducted for this project. One of the recurring themes was the need for organic research. Organic producers have often had to learn by trial and error when making production decisions. Unfortunately, this can lead to costly mistakes with long-term impacts.

Some research on organic production techniques and varieties has been conducted through on-farm and Extension Center research. Eight and a half acres of land at the Dickinson Research Extension Center are certified organic. Patrick Carr at the Dickinson Research Extension Center conducted a "Long term organic and tillage study (LOTS)," which compared the performance of no-till rotations with an organic rotation using tillage. Steve Zwinger, a Research Specialist and Agronomist at the Carrington Research Extension Center, has been an active researcher on organic production in the state. Zwinger and Carr managed on-farm organic small grain variety trials. Zwinger is currently managing a .25-acre track of irrigated land organically and experimenting with organic potato production. While this is important research, it is very limited in scope and needs to be expanded to meet the diverse needs of organic producers.

There is a significant need for research on production techniques and variety trials. According to Jane Soobey, of the Organic Farming Research Foundation, organic research needs to include farmer participation, an understanding of organic principles and a systems approach to working with the entire agroecosystem (2003). This research should include biological controls, high-value specialty or minor use crops and additional variety trials. However, Podoll believes there also is a need to facilitate

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<sup>2</sup> More information available at [www.ofarm.org](http://www.ofarm.org).

<sup>3</sup> Qualifying farmers are defined as "individuals engaged in the production of agricultural products who make the marketing decisions for that production."

better communication between farmers and researchers. Podoll frequently hears farmers say more research needs to be done, but when pressed to identify specific research needs, they find it difficult to identify specific research projects that would be helpful.

In addition to the research, this information needs to be shared with organic and transitioning producers. It also should be readily available to County Extension Agents and they need to receive some basic education to understand the principles of organic production.

**Processor Needs.** Only 16 processors responded to the NPSAS processors survey and only 25 percent of those respondents were certified organic processors. Twenty-five percent of survey respondents indicated their companies had expanded into organic products in the past five years. Another 13 percent researched organic products, but did not expand and 19 percent considered expanding into organic products. A variety of reasons for not expanding were cited, including: lack of regional consumer interest, lack of funding for expansion, and research determined the market would not bear the additional costs involved with organic products. Twenty-five percent of respondents indicated their companies plan to expand into organic products or new organic products within one year and another six percent within three years.

When asked to identify processing conditions which have served as problems in the past three years, respondents indicated energy costs and transportation availability and costs were the largest barriers for them. However, the following three challenges—financing, access to raw specialty ingredients and access to raw organic ingredients—were also ranked as some of the most useful services that could be provided to processors.

Interviews with industry stakeholders also revealed a variety of processor needs. Many non-organic meat processors interviewed indicated they had no interest in organic certification because of the difficult certification process. However, processing consultants who help processors become certified indicated meat plants that are federally inspected will find the organic certification process very similar. Other conventional processors felt certification was too expensive or thought that it required building a separate facility. While cost of certification certainly can be a barrier, there is also a lack of knowledge and misinformation about organic certification. In fact, David Gould, an organic consultant and inspector based in Portland, Oregon, stated, “In virtually every case with processors in ND or elsewhere there is an organically acceptable solution to every challenge a processor faces...I have almost never seen a situation that couldn't find some way to do it if they wanted to. Sometimes it takes a little creativity and a desire to overcome corporate inertia.”

Financing can also be a barrier to producer cooperatives and new organic businesses. Ann Wilkinson, an agricultural economist and consultant from Kansas City, Missouri, has worked with a variety of organic and natural producer cooperatives throughout the Midwest. Wilkinson stated, “For any producer group or new processor, the biggest challenge is financing for working capital. There are funds available for the early stage research and organization. However, once these groups are set established, they are on their own and often find it very difficult to raise funds to really become an established, successful organization.” According to Wilkinson, funding is specifically needed for expansion, market positioning and market development.

Research conducted in 2000 for the Henry A. Wallace Center for Agricultural and Environmental Policy found organic and conventional manufacturers both deal with the problems of producing uniformly consistent products and securing shelf space in retail outlets. However researchers indicated organic processors also had to deal with searching for enough organic ingredients at a price they can afford, verification of organic ingredients and maintaining organic integrity during processing (Dimitri and Richman, 2000). Brent Schulz, Marketing and Business Development Specialist for ICS in Medina, North Dakota, agreed, “One of the biggest challenges for [organic] processors is supply and the infrastructure to create a consistent supply of raw products.”

Interestingly, the services identified as useful by food processors seem to closely correspond to those of producers. These areas include:

- Marketing, which includes local and regional market development as well as consumer education;



- Additional distribution services for organic/specialty foods; and
- Assistance identifying potential suppliers of raw products or ingredients.

## PROGRAMS SUPPORTING ORGANICS

There are a variety of programs already in place to support the growth of the organic industry. The North Dakota Department of Agriculture has programs in place that support organic producers, including the administration of the Organic Certification Cost Share program and their participation in the National Association of State Organic Programs. The following programs were specifically cited by North Dakota producers and processors.

**Sustainable Agriculture Research and Education (SARE) grants.** This federally funded program supports a variety of organic and sustainable activities, including educational programming, on-farm demonstrations, marketing activities and research. This is a highly competitive grant program.

Frank Kutka was recently hired to be the SARE Coordinator for North Dakota and South Dakota and also serves as the Assistant Director at the Dickinson Research Extension Center. Kutka will be working to increase organic education opportunities for County Extension Agents as well as other agricultural professionals.

**Organic Farming Research Foundation.** This is a private foundation dedicated to supporting research and education for organic production. Grants are available for on-farm research and general education. This organization also conducts general organic agriculture research including a national organic producer survey and monitoring organic research taking place in each state.

**Northern Plains Sustainable Agriculture Society.** This non-profit organization provides a variety of resources to organic and sustainable farmers including their Winter Conference, Summer Symposium, member newsletter, website, resource library and membership directory. Members also have the opportunity to network with other producers, buyers and industry stakeholders.

**Organic Certification Cost Share program.** This federally funded program, which is administered by the North Dakota Department of Agriculture will cost-share 75 percent of a producer or handler's certification fees up to \$500. Many processors and producers interviewed cited this as a significant benefit. In 2003, 84 producers and processors utilized this program in North Dakota.

**The North Dakota Agricultural Products Utilization Commission (APUC).** The purpose of this group is to create new wealth and jobs through the development and expanded uses of North Dakota agricultural products and resources. Since 1993, APUC has awarded a total of \$11.5 million to producers and companies. Of that funding, \$267,000 or 2 percent funded a total of ten projects focusing on organic production or processing.

## PROGRAMS SUPPORTING ORGANICS IN OTHER STATE AGRICULTURE DEPARTMENTS

Many states have developed programming to support the growth of the organic food industry through State Agriculture Departments. Included here are some examples of activities taking place in other states.

**Minnesota Department of Agriculture.** Minnesota has a long list of on-going projects dedicated to the development of the organic food industry in the state (see Appendix D). Highlights include MN Organic Conference, MN Organic Network which connects multiple stakeholders via a listserv and monthly conference calls, a Directory of Organic Certifiers, the MDA Organic Advisory Task Force, and a biennial Status of Organic Agriculture report<sup>4</sup> to the state Legislature. A variety of organic resources are available on their web site, including fact sheets on organic processing<sup>5</sup>. The Ag Resource Management and Development Division and the Ag Marketing Division both work closely with organic

<sup>4</sup> Available at <http://www.mda.state.mn.us/esap/organic>.

<sup>5</sup> Available at <http://www.mda.state.mn.us/esap/organicprocessfoods.pdf>.

producers and processors. Minnesota is not an organic certifying agency and does not intent to become a USDA State Organic Program.

**Colorado Department of Agriculture.** With much of the state's agriculture in a significant downturn, Colorado sought federal funding for a Specialty Crops Program at Colorado State University to offer growers high value, specialty crop alternatives. This program includes the Grower Research and Education Grants project, which makes grants to growers and grower groups to conduct on-farm research and education projects. The program has also established The Rocky Mountain Small Organic Farm Project, an eight-acre organic field research site focusing on the needs of organic market producers. Due to increasing interest in organic production and a shortage of organic seed, the Specialty Crops Program hosted an intensive seed production short course focusing on producing organic vegetable seed. The Colorado Department of Agriculture is also a USDA-accredited organic certifier.

**California Department of Agriculture.** California's Department of Agriculture is not an organic certifier, but it does provide organic industry regulation through the California Organic Program. The Organic Food Advisory Board was created in 1991 to make recommendations to the California Secretary of Agriculture on all matters pertaining to the California Organic Program. The CA Organic Program also provides training on organic certification for processors.

**Iowa Department of Agriculture.** The Iowa Department of Agriculture is also a USDA-accredited organic certifier. The department's Organic Advisory Council is comprised of eleven appointees. The department also hosts an online Iowa Organic Product Directory. It should also be noted that seven years ago Iowa was the first state to hire an organic agriculture extension specialist.

**Montana Department of Agriculture.** This state department of agriculture is also a USDA-accredited certifier. The state also established an eight-member Organic Commodity Advisory Committee, which advises the department on the operation of the state's Organic Certification program. There is also a series of organic fact sheets available on-line.

## RECOMMENDATIONS

Upon the request of the North Dakota Department of Agriculture, the following recommendations have been compiled from a variety of organic industry stakeholders in an effort to grow the organic food industry within the state of North Dakota.

### Leadership

- **Development of an Organic Advisory Board.** In an effort to provide timely and pertinent information and input about the organic industry to the Commissioner of Agriculture, it is recommended that an Organic Advisory Board be created. This forum would give key stakeholders within the organic food industry a voice to identify their industry's on-going and specific needs. This model is used by several state agriculture departments including Minnesota, Iowa, California, Colorado, Montana, Texas and Wisconsin is currently developing an advisory council. Representation on this advisory board should include stakeholders from all aspects of the industry: organic producers, organic processors, organic distributor and/or retailer, organic trader, extension professionals, researchers conducting organic research, the state's Sustainable Agriculture Research and Education (SARE) Coordinator, non-profit organizations dealing with sustainable agriculture issues, and organic certification agencies. A task force of organic industry stakeholders should be formed to initiate the development of this advisory board in cooperation with the State Department of Agriculture.
- **Regularly update the *Status of Organic Agriculture in North Dakota* report.** Using this report as a guide, the following reports will continue to document the successes and challenges of the growing organic food industry in North Dakota and should be updated every two years. These reports will be an educational document for the State Legislature as well as other entities interested in the organic food industry within North Dakota.

- **Participate in organic conferences and events within North Dakota.** A variety of organic conferences and events are held within North Dakota each year. The Department of Agriculture's participation in these events lends credibility to the organic industry. It is an important opportunity to learn about specific needs from the organic industry in North Dakota.
- **Pursue strategic alliances with other states' departments of agriculture.** By working cooperatively with other states' departments of agriculture, the North Dakota Department of Agriculture will enhance efforts to support organic agriculture in the state by increasing opportunities to share programming, informational resources and research development. Specifically, an alliance should be sought with the Minnesota Department of Agriculture, a leader in the development of the organic industry on a state level.

## Education & Information

- **Promote education of agricultural professionals about organics.** As one of the major sources of production information to farmers, County Extension Agents need to be educated about the basic principles of organic production. The Department of Agriculture is encouraged to work with the ND SARE Coordinator to develop opportunities to educate County Extension Agents and County Weed Boards about organic production practices and educational resources.
- **Create educational opportunities for processors regarding organic regulations.** There are many misconceptions about the regulations processors must meet to become organically certified. Many processors do not understand that they can use the same facilities to process both organic and conventional products. A workshop addressing these processing issues should be added to the Marketplace agenda.
- **Help promote organic foods through consumer and retailer education.** The Department of Agriculture already has a number of educational and informational resources for consumers and retailers. Adding organic designations and information to these guides would be a first step in increasing consumer and retailer awareness of organics in North Dakota.

## Business & Market Development

- **Create a program to fund working capital for organic producer groups and/or processors.** While funding is available for initial market research and development through the APUC program, additional funding opportunities should be made available to help finance working capital for start-up companies and cooperatives, as well as for groups interested in expansion into the organic markets.
- **Help create a program to connect organic processors and producers.** One of the major challenges for organic producers is marketing their organic products. At the same time, processors site sourcing raw organic products as an obstacle. This program would benefit both producers and processors and could be expanded to a regional system. This concept is being modeled by the Minnesota Department of Agriculture. It would not have to be restricted to organic producers, but including organic products would be important.
- **Encourage farmers and producer groups to explore and pursue minor-use high-value crops and value-added business opportunities.** Raising minor-use high-value crops for specialty markets or processing specialty crops can be forms of diversification for organic and conventional farmers. These crops are usually raised on small acreages and have a high value. Though the markets are limited, the Department of Agriculture should highlight research being done on these specialty crops, their uses and the processors seeking these specialty products. This awareness raising could take place at Marketplace or other events targeting audiences specifically suited for the production of these specialty crops.
- **Help farmers and processors interested in value-added and organic processing to learn about the financial and business planning resources available to them in North Dakota.** There are resources available to individuals or companies interested in developing or expanding value-added and processing businesses. However, these resources can be a challenge to seek out. Certainly, the Dakota Enterprise Center is a helpful source of information and guidance for groups. Additionally, the *Marketplace for Entrepreneurs Resource Directory* is an excellent resource and contains a variety of information for producers and processors. This resource should be more widely promoted to producers and processors and should be available as a searchable on-line directory. Finally, a basic step-by-step summary of forming valued-added and organic processing businesses should be available in print and on the Department's website.

## Research

- **Promote and encourage research addressing the needs of organic producers.** Just as different conventional farmers throughout the state have different research needs, organic producers also have different research needs than conventional farmers. To date, most organic producers have had to learn through a process of trial and error. It is critical to the success of the organic food industry that organic research on production techniques and variety trials be conducted. This may include facilitating the communication between producers who need the research and researchers willing to do the research.
- **Encourage and support research into minor-use, high-value crops.** While production of small acreages of specialty high-value crops could translate to any interested producer, there are a growing number of opportunities for this type of production in organic agriculture.

## Technical Support

- **Form collaborative relationships with the Economic Research Service (ERS) and ND Ag Statistics to help track organic statistics and industry information in the state of North Dakota.** It is crucial for farmers and businesses to have access to accurate information about the organic food industry within the state for market research and development. Currently, very limited information is available about the organic food industry in North Dakota.
- **Develop a “Thinking about Organic” bulletin for conventional producers and processors interested in transitioning to organic production.** This resource will include contact information for certification agencies, a summary of organic marketing, organic production and research resources, sample cropping budgets and resources available to transitioning and organic farmers and processors. The Organic Advisory Board could help with the development of this tool.
- **Provide assistance publicizing organic events and information through the media and the Department of Agriculture’s web site.** This is another way to educate consumers, processors and producers about the organic industry in North Dakota.

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Appendix A: North Dakota Organic 2003 Commodity Production Table <sup>i</sup>							
Commodity/Crop	Acres	Estimated Yield <sup>ii</sup>	Unit	Estimated Production	Unit	ND Rank	States Reporting
Corn	2,848	105	bu/a	300,322	bu	10	29
Wheat	20,496	29	bu/a	603,607	bu	3	28
Oats	8,354	51	bu/a	428,560	bu	1	26
Barley	2,818	50	bu/a	141,886	bu	4	23
Sorghum	247			-		6	13
Spelt	142			-		7	12
Millet	3,589			-		4	12
Buckwheat	3,409			-		1	17
Rye	1,631	35	bu/a	57,330	bu	4	19
Other Grains*	12,772			-		1	28
<b>Total Grains</b>	<b>56,306</b>					<b>2</b>	<b>39</b>
Soybeans	4,545	29	bu/a	133,850	bu	8	29
Dry beans	1,709	1309	lb/a	2,237,252	lb	2	18
Dry peas & lentils	4,836	1852	lb/a	8,954,096	lb	2	14
<b>Total Beans</b>	<b>11,090</b>					<b>6</b>	<b>33</b>
Flax	12,170	18	bu/a	219,669	bu	1	N/A
Sunflowers	1,925	1261	lb/a	2,426,751	lb	1	11
Other Oilseeds**	239			-		4	10
<b>Total Oilseeds</b>	<b>14,334</b>					<b>1</b>	<b>21</b>
Potatoes	111	221	cwt/a	24,570	cwt	7	19
Mixed Veg & other***	76	N/A		N/A		35	50
Cultivated Herbs	2	N/A		N/A		26	29
Green Manure/Cover crops	6,186	N/A		N/A		1	23
Fallow	6,040	N/A		N/A		5	32
Other crops & land	5,923	N/A		N/A		5	37
Beef Cows	784	N/A		N/A		8	28

<sup>i</sup>In addition to unclassified grains, "other" acreage contains milo, triticale, kamut, amaranth, and quinoa.

<sup>ii</sup>In addition to unclassified oilseed acreage, "other" oilseeds includes canola and safflower acreage.

<sup>iii</sup>Includes ginger, blue corn, popcorn, shallots, sweet potatoes, yams & other specialty crops.

North Dakota Organic Comparison 2001-2003 <sup>iii</sup>									
	2001			2002			2003		
	Total Units or Acres	ND Rank	States Reporting	Total Units or Acres	ND Rank	States Reporting	Total Units or Acres	ND Rank	States Reporting
<b>Total Farms</b>	<b>176</b>	<b>13</b>	<b>48</b>	<b>150</b>	<b>16</b>	<b>45</b>	<b>145</b>	<b>15</b>	<b>46</b>
Total Cropland	144,890	2	48	122,982	2	45	128,963	2	49
Total Pasture & Rangeland	14,410	7	43	10,684	9	34	18,817	10	37
<b>Total Crops &amp; Pasture</b>	<b>159,300</b>	<b>5</b>	<b>49</b>	<b>133,666</b>	<b>4</b>	<b>45</b>	<b>147,780</b>	<b>4</b>	<b>49</b>
Total Grains	63,880	1	42	53,601	2	37	56,306	2	39
Total Beans	27,705	3	38	11,862	6	30	11,090	6	33
Total Oilseeds	20,243	1	21	17,306	1	20	14,334	1	18
Total Beef Cows	924	5	27	213	16	26	784	8	28



**Appendix B:  
North Dakota**

<b>Certified Organic Companies</b>	<b>Contact Name</b>		<b>Address</b>		<b>Phone</b>	<b>email/web address</b>	<b>Description</b>
American Colloid Company			PO Box 158	Reeder	701-275-8201	<a href="http://www.amcol.com">www.amcol.com</a>	
Archer Daniels Midland Company	Philip	Fass	5539 136th Ave SE	Enderlin	800-553-6032	<a href="mailto:fass@admworld.com">fass@admworld.com</a>	organic whole soybean powder
Blaine's Best Seeds	Blaine & Susan	Schmaltz	6020 22nd Ave NE	Rugby	701-776-6023	<a href="mailto:bbestseeds@stellarnet.com">bbestseeds@stellarnet.com</a>	organic processing & packaging facility for seeds and food
Brush Creek Organic Foods, LLC			RR1 Box 160-C	Beulah		<a href="http://www.bcof.com">www.bcof.com</a>	organic flax wholesaler
Dahlgren & Company, Inc.			PO Box 3083	Fargo	701-282-4313	<a href="http://www.sunflowerseed.com">www.sunflowerseed.com</a>	
Dakota Flax	Gregg	Magnuson	2012 Westfield Ave.	Minot	701) 837-6238	<a href="mailto:bgmagnuson@dakotaflax.com">bgmagnuson@dakotaflax.com</a>	packaged flax
Dakota Gourmet	Lucy	Spiekermeier	896 22nd Ave N	Wahpeton	701-642-3066	<a href="http://www.dakotagourmet.com">www.dakotagourmet.com</a>	
Dakota Growers Pasta Company	Maria	Harmon	One Pasta Avenue	Carrington	(701) 652-2855	<a href="mailto:tdodd@dakotagrowers.com">tdodd@dakotagrowers.com</a>	bulk & packaged processed semolina pasta products
Double S Processing	Myron	Strom	150 4th Ave. NW	Steele	(701) 475-2227		cleaning and packaging of small grains
Earth Harvest Mills	Grayson Mark & Esther	Hoberg	500 North Street West	Harvey	701-324-4330	<a href="mailto:grayson@dakota-prairie.com">grayson@dakota-prairie.com</a>	milling & packaging of flour, wheat & feed
Golden Valley Flax		Hylden	PO Box 7	Park River	701-284-7243	<a href="mailto:flax@polarcomm.com">flax@polarcomm.com</a>	packaged flax - retail
Good-Rich Packaging Co.	Donald D.	Hagen	840 22nd Ave. NE	Goodrich	(701) 884-2752	<a href="mailto:hb64@westriv.com">hb64@westriv.com</a>	consumer packaged organic flax seed
Green Trade Bio-Organic Grain, Inc.	Paul	Ellingson	Box 255	Sherwood	306-928-4540		bulk HRS wheat, alfalfa
Heart of the Valley	Patrick	Balch	30 Main St E	Mayville	701-788-4164	<a href="mailto:hov@polarcomm.com">hov@polarcomm.com</a>	
MoJo Java, Inc.	Jo	Khalifa	9725 Hwy 83	Westhope	701-245-6213	<a href="mailto:mojo@ndak.net">mojo@ndak.net</a>	
North Dakota Innovations	Curtis	Rangeloff	PO Box 254	Tappen Grand	(701) 327-2121	<a href="mailto:nbinnovations@bektel.com">nbinnovations@bektel.com</a>	prepackaged flax meal, hulls, oil, screenings & Power Lignans
North Dakota Mill	Mick	Johnson	1823 Mill Road	Forks	(701) 795-7000	<a href="mailto:mjohnson@ndmill.com">mjohnson@ndmill.com</a>	processed bulk & packaged - flour, bread machine mixes, semolina
Red River Commodities, Inc.	Rachel	Bartnick	501 42nd St. NW	Fargo	(701) 282-2600	<a href="mailto:bjj@redriv.com">bjj@redriv.com</a>	handler bulk & packaged processed products
Reimers Seed Company	Ernie	Hoffert	7074 Hwy 9	Carrington	701-652-3322	<a href="mailto:reimers@daktel.com">reimers@daktel.com</a>	
Roman Meal Milling Company, Inc			PO Box 46	Fargo	701-282-9656	<a href="http://www.romanmealmilling.com">www.romanmealmilling.com</a>	
SB&B Foods, Inc.	Robert	Sinner	15681 35th St. SE	Casselton	(701) 347-4900	<a href="mailto:rsinner@sb-b.com">rsinner@sb-b.com</a>	handler of organic grains & beans
Schaal's Golden Valley Organic Farm	Dan	Schaal	PO Box 341 4749 Amber Valley	Beach	701-872-3036	<a href="mailto:gorganic@yahoo.com">gorganic@yahoo.com</a>	processed & packaged flax & wheat
SK Food International	Karmell	Hogenson	Pkwy, Suite 1	Fargo	701-356-4106	<a href="mailto:lew@skfood.com">lew@skfood.com</a>	
Sky Logistics	Lynn	Topp	One Pasta Ave	Carrington	701-652-2855		brokering organic products, pasta
Specialty Commodities, Inc	Larry	Leitner	PO Box 2667	Fargo	701-282-8222	<a href="http://www.specialtycommodities.com">www.specialtycommodities.com</a>	
Specialty Export Productions, Inc	Max	Crouse	PO Box 158	Hatton	701-543-3616	<a href="mailto:johnaj@polarcomm.com">johnaj@polarcomm.com</a>	cleaning services
Stone Mill, Inc	Charlotte	Hoff	PO Box 253	Richardton	701-974-2106		seed cleaning
Superior Grains, Inc	Les	Knudson	Box 109	Crosby	701-965-6241		cleaning & packaging
West Dakota Feed & Seed LLC	Kevin	Kvamme	8846 62nd St. NW	Ross	(701) 755-3207	<a href="mailto:westdak@restel.net">westdak@restel.net</a>	cleaning & packaging of small grains, beans & seeds



## **Appendix C: NPSAS Producer & Processor Needs Assessment Survey Summaries**

### **Producer Survey Summary**

July 2005

The survey was prepared and administered by the Northern Plains Sustainable Agriculture Society (NPSAS) with technical assistance provided by the North Dakota State University Extension Service. Paper surveys were administered to producers at the NPSAS annual winter conference in Aberdeen, SD. In addition, an electronic survey was made available to NPSAS members and other organic and specialty producers throughout the state of North Dakota. Since all respondents did not respond to all the questions, results are based on the collected responses for that question unless stated otherwise.

Though the survey was intended to focus on North Dakota producers, when the survey results were sorted to reflect only North Dakota respondents, there were no significant changes in the data. Therefore, all findings are based on all responses and may be an indicator of regional trends and needs.

### **Producer Demographics**

Sixty producers responded to the Organic and Specialty Producers survey, with 62 percent of all respondents farming in North Dakota, 25 percent in South Dakota, eight percent in Minnesota and five percent not responding or indicating other locations.

Sixty-seven percent of respondents indicated their farming operations were certified organic, with another 24 percent indicating they farmed organically, but were not certified. Nine percent of respondents indicated they farmed conventionally and another seven percent described their farming practices as other, which included no-till and chemical-free. Respondents could choose more than one category for their farm, which is reflected in the percentages. The respondents to this survey were reluctant to share some demographic information, such as the number of acres they farm. Seventy-three percent of respondents skipped this question.

### **Grain, Oil Seed and Legume Production**

Seventy-three percent of respondents indicated they raised grain, oil seed and/or legumes on their farms. Of those respondents producing these crops, 84 percent reported producing these crops under organic certification and 16 percent reported using conventional production methods. Producers reported using a variety of marketing avenues to sell these products with 64 percent of respondents selling these crops to brokers and 55 percent selling them to processors. Another 17 percent of respondents marketed these products directly to consumers.

### **Fruit & Vegetable Production**

A very small number of producers responding to this survey reported growing vegetables (7), fruit (4), herbs (3) and vegetable seeds (1). Only one producer reported having an organically certified operation; seven producers indicated they used organic production methods, but were not certified; and two producers reported using conventional production methods. Of these respondents, eight reported direct marketing their products to consumers and three reported direct marketing these products to retailers. Other marketing avenues reported include direct to processors, direct to restaurants and direct to a winery.

### **Livestock & Poultry Production**

Respondents to this survey indicated raising beef cows, hogs, sheep, bison, meat goats, turkeys, broiler chickens and layer hens. It is very difficult to document how many animals were raised. A majority of respondents indicated their animals were raised using organic methods, but were not certified organic. Respondents again indicated using a variety of marketing strategies to sell these products.

A majority of beef producers raising feeders or cow-calf pairs sold the animals to a sales barn or broker. However, respondents who sold finished animals primarily sold them directly to consumers or

directly to retailers. A majority of respondents raising hogs indicated they sold them directly to consumers with a few direct marketing to retailers and one selling hogs through a farmer cooperative. Most respondents raising sheep indicated they sold their feeder lambs through a sales barn or broker. Two producers reported selling their fat lambs directly to consumers. Most of the respondents raising broiler chickens marketed them directly to consumers with two respondents indicating they marketed directly to retailers. The same was true for respondents who reported selling eggs. Only three producers responding to this survey reported raising dairy cows and only two producers raised dairy goats.

### **Processing & Marketing**

Fifty-three percent of respondents indicated they did not process any organic or specialty value-added products on farm or in a farm-owned plant. Twenty-six percent of respondents indicated they process fresh or frozen meats on-farm or in farm-owned plants. A small number of respondents indicated a variety of other on-farm food processing.

Seventy-seven percent of respondents reported they do not belong to a marketing or processing cooperative. Twenty-three percent of respondents indicated they did belong to such a group. When asked to list which organizations to which they belonged, responses included area farmers markets, Pride of Dakota, a local producers' group, Midwest Shippers Association, and Dakota Lamb.

Twenty-four percent of respondents indicated they contract with other processors to process food products. When asked to list the processors, responses included a variety of locker and meat processing plants, the North Dakota Mill, SK Foods International, Richland Organic, Garske Produce, and Barlean's Flax.

When asked to identify processing conditions which have served as problems in the past three years, respondents indicated the following:

<b>Problematic processing conditions in the past 3 years</b>	<b>Response Average</b>
Lack of licensed kitchens	3.41
Lack of specialty food processors	3.33
Lack of organic food processors	3.19
Lack of federally inspected meat processors	3.08
Development of labels and/or nutritional content	2.70
Obtaining local/state processing regulations	2.42
Lack of financing for processing business	2.33

Other processing challenges listed by individual producers included:

1. Lack of organic grains close enough to be economical;
2. Getting the wrong meat back from processors; and
3. Lack of smaller processing equipment for on-farm or small-scale processing.

When asked to rank the usefulness of potential processing information and services, respondents indicated the following:

<b>Usefulness of processing information &amp; services</b>	<b>Response Average</b>
Identifying regional specialty food processors	4.29
Access to organic processing facilities	4.11
Food safety information	3.95
Federally inspected meat processors	3.93
State/federal food processing regulations	3.92
Identification of regional organic processors	3.86
Financing for processing business	3.73
Development of labels/nutritional content	3.71
Access to licensed kitchen	3.50
Assistance creating business plan	3.31

By comparing the processing problems identified and the usefulness of various processing information and services, four responses are rated highly on both lists:

1. Identification of regional specialty food processors;
2. Lack of organic food processors;
3. Identification of regional organic processors; and
4. Federally inspected meat processors.

When asked to identify marketing conditions which have served as problems in the past three years, respondents indicated the following:

<b>Problematic marketing conditions in the past 3 years</b>	<b>Response Average</b>
Distance to markets or delivery points	3.76
Lack of marketing networks	3.57
Finding markets for specialty products	3.56
Lack of organic price information	3.53
Access to organic markets	3.19
Packaging/transportation requirements	2.86
Customer volume requirements	2.84
Access to organic markets	2.80
Finding markets for organic products	2.77
Lack of specialty price information	2.18

Other marketing challenges listed by individual producers included:

- Broken contracts with buyers;
- Markets respecting prices;
- Marketing locally grown products to regional grocery stores; and
- A lack of interest by health food stores.

When asked to rank the usefulness of potential marketing information and services, respondents indicated the following:

Usefulness of marketing information & services	Response Average
Product pricing information	4.18
Local/regional market development	4.17
Identifying potential customers	4.10
Developing marketing cooperatives or associations	3.95
Direct-to-consumer market information or development	3.93
Direct-to-retailer market information or development	3.93
Wholesale market information or development	3.67

The top six responses to the usefulness of various marketing information and services are very close with only .25 difference among the response averages. This seems to indicate producers are in need of services and information about marketing. By comparing the marketing problems identified with the usefulness of information and services, two responses were ranked highly on both lists: organic product pricing information and the development of marketing cooperatives and associations. These findings are supported by the open-ended responses to the question, "What information or services would have the greatest positive impact on their economic sustainability?" Respondents' replies fell into some general categories, which correspond to the needs and useful services and information.

7. **Pricing Information:** Five respondents indicated services providing pricing information for marketing crops would be most helpful to them.
8. **Development of Local Markets:** Five respondents indicated the development of more local markets for locally grown or processed products would be most helpful to them.
9. **Cooperative Marketing Effort:** Four respondents indicated the most helpful service to them would be the creation of a cooperative to market organic products to coordinate marketing products, advertising, branding, and a certified organic label.
10. **Bulletin Board:** Three responses incorporated the idea of an on-line marketing bulletin board or other type of clearinghouse for information about producers looking to sell and processors and consumers looking to buy.
11. **Education:** A variety of education needs were expressed by individuals, including consumer education about topics such as CSAs, benefits of local products and nutrition information. Farmer education was another suggestion.
12. **Networks:** Some respondents indicated they would like to form a network of other local producers to share resources, equipment and/or work for grass finished livestock producers, CSA systems, converting to organic, and/or sustainable production.

## **Processors Survey Summary**

### **August 2005**

The survey was prepared and administered by the Northern Plains Sustainable Agriculture Society (NPSAS) with technical assistance provided by the North Dakota State University Extension Service. The survey was conducted on-line and notices were sent out to more than 150 North Dakota processors through email. Since all respondents did not respond to all the questions, results are based on the collected responses for that question unless stated otherwise.

### **Processor Demographics**

Sixteen processors responded to the Organic and Specialty Food Processors Survey, with 57 percent of respondents indicating their companies were corporations, 21 percent sole proprietorships, 21 percent partnerships, no cooperatives and 1 percent not responding.

Sixty-four percent of the processors surveyed indicated they had between one and five full-time employees, with only one processor indicating they employed more than 25 full-time employees. Similarly, 42 percent of respondents indicated their companies employed between one and five part-time employees. This seems to indicate that the processors responding to this survey tended to be small companies with less than ten employees.

Respondents indicated producing a wide variety of food products including: meats, fresh and processed fruits and vegetables, wine, dairy products, milled products, baked goods, candy, dried seasoning mixes, and oils. Twenty-five percent of respondents were certified organic and 13 percent were Kosher certified.

### **Organic Products**

Twenty-five percent of survey respondents indicated their companies had expanded into organic products in the past five years. Another 13 percent researched organic products, but did not expand and 19 percent considered expanding into organic products. A variety of reasons for not expanding were cited, including: lack of regional consumer interest, lack of funding for expansion and research determined the market would not bear the additional costs involved with organic products. Twenty-five percent of respondents indicated their companies plan to expand into new or organic products within one year and another six percent within three years.

Respondents indicated using a variety of sources for raw organic products, including: grower contracts, spot market direct from growers, grower cooperatives, brokers and farmers markets. When asked what percentage of their organic ingredients was sourced from North Dakota producers, respondents indicated a wide range from 25 percent to more than 75 percent. Of the organic processors, half of them had no problem sourcing organic raw ingredients regionally, while the other half indicated they could not source enough of these products regionally, specifically citing a lack of organic and high protein soybeans. Only 25 percent of the responding organic processors indicated they were not processing at their desired capacity.

These organic processors market their organic products through a variety of marketing channels, including: directly to consumers via farmers markets and the internet; through wholesalers; directly to manufacturers, importers and exporters. Respondents indicated very little if any of their organic products were sold within the five state region.

### **Specialty Products<sup>6</sup>**

Fifty-six percent of respondents indicated their companies had expanded into specialty products (other than organic) in the past five years. Thirty-one percent of respondents indicated they intended to expand into new or additional specialty products within one year.

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<sup>6</sup> Specialty food products were defined in the survey as being manufactured from the highest quality ingredients to produce a uniquely marketable product commanding a high price, which is excerpted from the National Association for Specialty Food Trade (NASFT).

Respondents indicated they produced a wide variety of specialty products, including: identity preserved and non-genetically modified organism commodities, growth hormone free fluid milk, beef jerky and sausage products, jellies and jams, candy and dry soup and dip mixes.

Like the organic processors, the specialty food processors also sourced their raw ingredients from a mixture of sources. Forty-four percent of the specialty processors sourced raw ingredients spot market direct from growers and through grower contracts. Another 33 percent sourced ingredients from grower cooperatives with another 22 percent reporting using brokers to source ingredients. Other sources of ingredients listed include other processors, local grocers and from the business owner's farm. Fifty percent of specialty food processors indicated they source between 76 and 100 percent of their raw ingredients from North Dakota. Fifty-six percent of specialty processors responded that there are enough raw ingredients available regionally to meet their processing needs. Forty-four percent of respondents indicated there are not enough raw ingredients available regionally and specifically cited a need for dehydrated vegetables from North Dakota and identity preserved non-genetically modified soybeans. Only 22 percent of respondents indicated they were not operating at their desired capacity with one respondent indicating a recently started business, which is still growing.

These specialty food processors sell their products through a variety of marketing channels. Sixty-seven percent reported using the internet to sell directly to consumers and another 56 percent sold their products through a wholesaler. Other channels used included brokers, direct to consumers via farmers markets, Pride of Dakota shows, direct sales to importers and manufacturers and through retail stores. Thirty-eight percent of the specialty processors estimated more than 76 percent of their finished product is sold within a five state region.

### **Processors' Challenges & Needs**

When asked to identify processing conditions which have served as problems in the past three years, respondents indicated the following based on a scale of 1 (not a problem) to 5 (severe problem):

<b>Problematic processing conditions in the past 3 years</b>	<b>Response Average</b>
Energy costs	2.82
Transportation availability & costs	2.64
Financing opportunities for processing businesses	2.45
Access to raw specialty ingredients	2.33
Access to raw organic ingredients	2.29
Lack of facilities for processing/product development	2.09

It is important to note that energy costs and transportation availability and costs are the most highly ranked challenges for processors and these challenges are difficult to alleviate. However, the following three challenges (financing and access to raw specialty and organic ingredients) are ranked as some of the most useful services that could be provided to processors (see below).



When asked to identify marketing conditions which have served as problems in the past three years, respondents indicated the following based on a scale of 1 (not a problem) to 5 (severe problem):

<b>Problematic marketing conditions in the past 3 years</b>	<b>Response Average</b>
Lack of organic/specialty pricing information	2.63
Obtaining access to existing organic/specialty markets	2.50
Lack of distribution services for organic/specialty foods	2.44
Lack of consumer education	2.25
Distance to available markets/delivery points	2.11
Customer packaging/transport requirements	2.11
Finding markets for organic/specialty products	2.00

When asked to rate the usefulness of potential information & services, respondents indicated the following based on a scale of 1 (not useful) to 5 (very useful):

<b>Usefulness of potential information &amp; services</b>	<b>Response Average</b>
Local/regional market development	3.00
Additional distribution services for organic/specialty foods	2.89
Assistance identifying potential suppliers of raw products/ingredients	2.78
Financing opportunities for processing business	2.66
Consumer education	2.62

Interestingly, the services identified as useful by food processors seem to closely correspond to those of producers. These areas include:

1. Marketing, which includes local and regional market development as well as consumer education;
2. Additional distribution services for organic/specialty foods; and
3. Assistance identifying potential suppliers of raw products or ingredients.

## **Appendix C: NPSAS Producer Needs Assessment Survey**

### **Producer Survey Summary**

July 2005

The survey was prepared and administered by the Northern Plains Sustainable Agriculture Society (NPSAS) with technical assistance provided by the North Dakota State University Extension Service. Paper surveys were administered to producers at the NPSAS annual winter conference in Aberdeen, SD. In addition, an electronic survey was made available to NPSAS members and other organic and specialty producers throughout the state of North Dakota. Since all respondents did not respond to all the questions, results are based on the collected responses for that question unless stated otherwise.

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### **Producer Demographics**

Sixty producers responded to the Organic and Specialty Producers survey, with 62 percent of all respondents farming in North Dakota, 25 percent in South Dakota, eight percent in Minnesota and five percent not responding or indicating other locations.

Sixty-seven percent of respondents indicated their farming operations were certified organic, with another 24 percent indicating they farmed organically, but were not certified. Nine percent of respondents indicated they farmed conventionally and another seven percent described their farming practices as other, which included no-till and chemical-free. Respondents could choose more than one category for their farm, which is reflected in the percentages. The respondents to this survey were reluctant to share some demographic information, such as the number of acres they farm. Seventy-three percent of respondents skipped this question.

### **Grain, Oil Seed and Legume Production**

Seventy-three percent of respondents indicated they raised grain, oil seed and/or legumes on their farms. Of those respondents producing these crops, 84 percent reported producing these crops under organic certification and 16 percent reported using conventional production methods. Producers reported using a variety of marketing avenues to sell these products with 64 percent of respondents selling these crops to brokers and 55 percent selling them to processors. Another 17 percent of respondents marketed these products directly to consumers.

### **Fruit & Vegetable Production**

A very small number of producers responding to this survey reported growing vegetables (7), fruit (4), herbs (3) and vegetable seeds (1). Only one producer reported having an organically certified operation; seven producers indicated they used organic production methods, but were not certified; and two producers reported using conventional production methods. Of these respondents, eight reported direct marketing their products to consumers and three reported direct marketing these products to retailers. Other marketing avenues reported include direct to processors, direct to restaurants and direct to a winery.

### **Livestock & Poultry Production**

Respondents to this survey indicated raising beef cows, hogs, sheep, bison, meat goats, turkeys, broiler chickens and layer hens. It is very difficult to document how many animals were raised. A majority of respondents indicated their animals were raised using organic methods, but were not certified organic. Respondents again indicated using a variety of marketing strategies to sell these products.

A majority of beef producers raising feeders or cow-calf pairs sold the animals to a sales barn or broker. However, respondents who sold finished animals primarily sold them directly to consumers or

directly to retailers. A majority of respondents raising hogs indicated they sold them directly to consumers with a few direct marketing to retailers and one selling hogs through a farmer cooperative. Most respondents raising sheep indicated they sold their feeder lambs through a sales barn or broker. Two producers reported selling their fat lambs directly to consumers. Most of the respondents raising broiler chickens marketed them directly to consumers with two respondents indicating they marketed directly to retailers. The same was true for respondents who reported selling eggs. Only three producers responding to this survey reported raising dairy cows and only two producers raised dairy goats.

### Processing & Marketing

Fifty-three percent of respondents indicated they did not process any organic or specialty value-added products on farm or in a farm-owned plant. Twenty-six percent of respondents indicated they process fresh or frozen meats on-farm or in farm-owned plants. A small number of respondents indicated a variety of other on-farm food processing.

Seventy-seven percent of respondents reported they do not belong to a marketing or processing cooperative. Twenty-three percent of respondents indicated they did belong to such a group. When asked to list which organizations to which they belonged, responses included area farmers markets, Pride of Dakota, a local producers' group, Midwest Shippers Association, and Dakota Lamb.

Twenty-four percent of respondents indicated they contract with other processors to process food products. When asked to list the processors, responses included a variety of locker and meat processing plants, the North Dakota Mill, SK Foods International, Richland Organic, Garske Produce, and Barlean's Flax.

When asked to identify processing conditions which have served as problems in the past three years, respondents indicated the following:

<b>Problematic processing conditions in the past 3 years</b>	<b>Response Average</b>
Lack of licensed kitchens	3.41
Lack of specialty food processors	3.33
Lack of organic food processors	3.19
Lack of federally inspected meat processors	3.08
Development of labels and/or nutritional content	2.70
Obtaining local/state processing regulations	2.42
Lack of financing for processing business	2.33

Other processing challenges listed by individual producers included:

4. Lack of organic grains close enough to be economical;
5. Getting the wrong meat back from processors; and
6. Lack of smaller processing equipment for on-farm or small-scale processing.

When asked to rank the usefulness of potential processing information and services, respondents indicated the following:

By comparing the processing problems identified and the usefulness of various processing information and services, four responses are rated highly on both lists:

5. Identification of regional specialty food processors;
6. Lack of organic food processors;
7. Identification of regional organic processors; and
8. Federally inspected meat processors.

When asked to identify marketing conditions which have served as problems in the past three years, respondents indicated the following:

<b>Usefulness of processing information &amp; services</b>	<b>Response Average</b>
Identifying regional specialty food processors	4.29
Access to organic processing facilities	4.11
Food safety information	3.95
Federally inspected meat processors	3.93
State/federal food processing regulations	3.92
Identification of regional organic processors	3.86
Financing for processing business	3.73
Development of labels/nutritional content	3.71
Access to licensed kitchen	3.50
Assistance creating business plan	3.31

Problematic marketing conditions in the past 3 years	Response Average
Distance to markets or delivery points	3.76
Lack of marketing networks	3.57
Finding markets for specialty products	3.56
Lack of organic price information	3.53
Access to organic markets	3.19
Packaging/transportation requirements	2.86
Customer volume requirements	2.84
Access to organic markets	2.80
Finding markets for organic products	2.77
Lack of specialty price information	2.18

The top six responses to the usefulness of various marketing information and services are very close with only .25 difference among the response averages. This seems to indicate producers are in need of services and information about marketing. By comparing the marketing problems identified with the usefulness of information and services, two responses were ranked highly on both lists: organic product pricing information and the development of marketing cooperatives and associations. These findings are supported by the open-ended responses to the question, "What information or services would have the greatest positive impact on their economic sustainability?" Respondents' replies fell into some general categories, which correspond to the needs and useful services and information.

- 13. Pricing Information:** Five respondents indicated services providing pricing information for marketing crops would be most helpful to them.
- 14. Development of Local Markets:** Five respondents indicated the development of more local markets for locally grown or processed products would be most helpful to them.
- 15. Cooperative Marketing Effort:** Four respondents indicated the most helpful service to them would be the creation of a cooperative to market organic products to coordinate marketing products, advertising, branding, and a certified organic label.
- 16. Bulletin Board:** Three responses incorporated the idea of an on-line marketing bulletin board or other type of clearinghouse for information about producers looking to sell and processors and consumers looking to buy.
- 17. Education:** A variety of education needs were expressed by individuals, including consumer education about topics such as CSAs, benefits of local products and nutrition information. Farmer education was another suggestion.
- 18. Networks:** Some respondents indicated they would like to form a network of other local producers to share resources, equipment and/or work for grass finished livestock producers, CSA systems, converting to organic, and/or sustainable production.

Other marketing challenges listed by individual producers included:

- Broken contracts with buyers;
- Markets respecting prices;
- Marketing locally grown products to regional grocery stores; and
- A lack of interest by health food stores.

When asked to rank the usefulness of potential marketing information and services, respondents indicated the following:

Usefulness of marketing information & services	Response Average
Product pricing information	4.18
Local/regional market development	4.17
Identifying potential customers	4.10
Developing marketing cooperatives or associations	3.95
Direct-to-consumer market information or development	3.93
Direct-to-retailer market information or development	3.93
Wholesale market information or development	3.67

## Full Survey Results

1. In which state is your farming operation located?

		Response Percent	Response Total
North Dakota	<div></div>	63.8%	37
South Dakota	<div></div>	25.9%	15
Minnesota	<div></div>	8.6%	5
Other (please specify)	<div></div>	1.7%	1
Total Respondents			58
(skipped this question)			2

2. Which of these best describes your farming operation? (Please check all that apply)

		Response Percent	Response Total
A. Certified Organic	<div></div>	67.2%	39
B. Organic, but not certified	<div></div>	24.1%	14
C. Conventional/Non-organic	<div></div>	8.6%	5
Other (please specify)	<div></div>	6.9%	4
Total Respondents			58
(skipped this question)			2

3. Approximately how many acres of cropland do you farm?

		Response Percent	Response Total
N/A	<div></div>	0%	0
1 - 100 acres	<div></div>	50%	8
101-260 acres	<div></div>	6.2%	1
261-500 acres	<div></div>	18.8%	3
501-1000 acres	<div></div>	6.2%	1
Over 1000 acres	<div></div>	18.8%	3
Total Respondents			16
(skipped this question)			44

4. In the past year, what kinds of organic or specialty value-added products were processed on your farm or in a farm-owned plant? (Please check all that apply)			
		Response Percent	Response Total
A. Does not apply - - No value-added products were produced		52.9%	27
B. Meats: fresh or frozen cuts, unprocessed		25.5%	13
C. Meats: processed (sausage, etc.)		7.8%	4
D. Salad Mix		3.9%	2
E. Pickles, relished or vinegars		3.9%	2
F. Preserves		2%	1
G. Juice, cider		5.9%	3
H. Wine		5.9%	3
I. Sauces, salsa		3.9%	2
J. Dried fruits or vegetables		0%	0
K. Canned fruits or vegetables		3.9%	2
L. Frozen fruits or vegetables		7.8%	4
M. Flours, milled products		7.8%	4
N. Baking mixes		0%	0
O. Baked goods (from your farm-raised products)		3.9%	2
Other (please specify)		17.6%	9
Total Respondents			51
(skipped this question)			9

5. Do you belong to a marketing and/or processing group or cooperative?			
		Response Percent	Response Total
No		76.8%	43
Yes		23.2%	13
Total Respondents			56
(skipped this question)			4

6. If you answered "yes" to the preceding question, please list the marketing/processing group and/or co-op and city/state below.

<b>Total Respondents</b>	<b>14</b>
(skipped this question)	46

Open ended responses:

- Capitol Farmers Market – Bismarck
- Sioux Falls Farmers Market
- Worked with co-op partners in past on tomatoes, cucumber, squash, pumpkins
- Pride of Dakota – raspberries
- Dakota Lamb
- OCIA #2
- N.F.O.
- Other local producers
- Niman Ranch & Coleman Natural Beef
- ND Farmers Market Association
- ND Farmers Market & Growers Association
- Pride of Dakota
- ND Farmer's Market & Growers Association
- Midwest Shippers Association – Minneapolis, MN

7. Do you use or contract with other processors to process food products from your farm?			
		Response Percent	Response Total
No		76.4%	42
Yes		23.6%	13
Total Respondents			55
(skipped this question)			5

8. If you answered "yes" to the preceding question, please list Name of Processor, City/State and Commodities Processed	
Total Respondents	14
(skipped this question)	46

Responses

- Alexandria Locker – Alexandria, SD (pork, lamb, goat) & Western Locker – Sioux Falls, SD (beef)
- Marion Meat – Marion, SD (hogs & beef)
- Barleen's Flax
- Dakota Beef – Chicago, IL (beef & feed oats); NorthLand Organic – St. Paul (wheat)
- ND State Mill – G.F., ND (HRS Wheat); Langdon Locker, Langdon, ND (beef, lamb, pork); Bioriginal, Sask. (Borage); Dave Vetter, Nebraska (Millet)
- Richland Organic, Whapeton (Soybeans); SK Foods, Fargo (Soybeans)
- Butcher Block, Oakes, ND (beef, sheep, hogs)
- Mabels Taste of Home, Fargo, ND (Raspberries)
- Garske Produce, Bismarck, ND (onions, carrots, cabbage (non organic))
- Several – grains
- Langdon Locker, Langdon, ND (Pork); Skyberg Meat, Devils Lake (lamb)
- Beef
- Blue Bird Locker, Delmont, SD (beef, pork, lamb, goat); Goosemobile, Canisota, SD (chickens)
- Langdon Locker, Langdon (pork & lamb)







9. Please indicate the approximate number of acres of each crop raised on your farm last year.							
	Zero -- does not apply	1 - 100 acres	101-260 acres	261-500 acres	501-1000 acres	Over 1000 acres	Response Total
Wheat	5% (2)	<b>48% (19)</b>	25% (10)	10% (4)	12% (5)	0% (0)	<b>40</b>
Barley	25% (6)	<b>50% (12)</b>	17% (4)	8% (2)	0% (0)	0% (0)	<b>24</b>
Oats	16% (4)	<b>52% (13)</b>	20% (5)	4% (1)	8% (2)	0% (0)	<b>25</b>
Field corn	<b>88% (7)</b>	12% (1)	0% (0)	0% (0)	0% (0)	0% (0)	<b>8</b>
Flax	13% (4)	30% (9)	<b>40% (12)</b>	10% (3)	7% (2)	0% (0)	<b>30</b>
Sunflowers	<b>47% (8)</b>	29% (5)	18% (3)	6% (1)	0% (0)	0% (0)	<b>17</b>
Legumes	<b>75% (6)</b>	12% (1)	0% (0)	12% (1)	0% (0)	0% (0)	<b>8</b>
Dry edible beans	<b>89% (8)</b>	0% (0)	0% (0)	11% (1)	0% (0)	0% (0)	<b>9</b>
Soybeans	25% (6)	25% (6)	<b>29% (7)</b>	12% (3)	8% (2)	0% (0)	<b>24</b>
Dry peas/lentils	<b>50% (8)</b>	44% (7)	6% (1)	0% (0)	0% (0)	0% (0)	<b>16</b>
<b>Total Respondents</b>							<b>45</b>
(skipped this question)							<b>15</b>

10. Please list any other crops you grow, along with the acreage.	
<b>Total Respondents</b>	<b>21</b>
(skipped this question)	<b>39</b>

Responses:

- Potatoes, pumpkins, squash, cucumbers, ornamental corn, gourds, assorted small vegetable crops.
- Other responses included the following crops: millet, corn, blue corn, buckwheat, rye, potatoes, amaranth

11. How were these crops produced? (Mark all that apply)			
		Response Percent	Response Total
A. Certified Organic		<b>84.1%</b>	<b>37</b>
B. Organic, but not certified		2.3%	1
C. Conventional/Non-organic		15.9%	7
Other (please specify)		22.7%	10
<b>Total Respondents</b>			<b>44</b>
(skipped this question)			<b>16</b>

12. How do you market these crops? (Mark all that apply)

		Response Percent	Response Total
Sold to broker	<div><div></div></div>	64.3%	27
Sold to other producer		0%	0
Sold to processor	<div><div></div></div>	54.8%	23
Direct marketed to consumers	<div><div></div></div>	16.7%	7
Direct marketed to retailer	<div><div></div></div>	9.5%	4
Farmer coop	<div><div></div></div>	7.1%	3
Local elevator	<div><div></div></div>	4.8%	2
Other (please specify)	<div><div></div></div>	21.4%	9
Total Respondents			42
(skipped this question)			18

13. Please indicate the approximate number of acres of each crop raised on your farm last year.

	Zero - Does not apply	Less than 0.5 acre	0.5 - 0.9 acre	1 - 5 acres	5.1 - 10 acres	10.1 - 50 acres	More than 50 acres	Response Total
Vegetables	22% (2)	22% (2)	11% (1)	22% (2)	0% (0)	22% (2)	0% (0)	9
Herbs	40% (2)	20% (1)	20% (1)	20% (1)	0% (0)	0% (0)	0% (0)	5
Vegetable seeds	75% (3)	0% (0)	0% (0)	25% (1)	0% (0)	0% (0)	0% (0)	4
Fruit	20% (1)	40% (2)	20% (1)	20% (1)	0% (0)	0% (0)	0% (0)	5
Total Respondents								11
(skipped this question)								49

14. How were these crops produced? (Mark all that apply)

		Response Percent	Response Total
A. Certified Organic	<div><div></div></div>	10%	1

<b>B. Organic, but not certified</b>		<b>70%</b>	<b>7</b>
C. Conventional/Non-organic		20%	2
Other (please specify)		0%	0
<b>Total Respondents</b>			<b>10</b>
(skipped this question)			50

15. How do you market these crops? (Mark all that apply)			
		<b>Response Percent</b>	<b>Response Total</b>
Sold to broker/wholesaler		0%	0
Sold to other producer		0%	0
<b>Direct marketed to consumers</b>		<b>72.7%</b>	<b>8</b>
Direct marketed to retailer		27.3%	3
Farmer coop		0%	0
Other (please specify)		45.5%	5
<b>Total Respondents</b>			<b>11</b>
(skipped this question)			49

Other Responses:

- Direct marketed to processors
- Restaurant
- Direct marketed to processor
- Direct marketed to winery

16. Please indicate the total number of animals/birds raised on your farm in the following categories.							
	<b>Zero -- does not apply</b>	<b>1-25</b>	<b>26-50</b>	<b>51-100</b>	<b>101-500</b>	<b>More than 500</b>	<b>Response Average</b>
Beef - Cow/calf pairs	<b>45% (5)</b>	27% (3)	27% (3)	0% (0)	0% (0)	0% (0)	<b>1.82</b>
Beef - Feeders	<b>26% (7)</b>	19% (5)	19% (5)	19% (5)	19% (5)	0% (0)	<b>2.85</b>
Beef - Finished	<b>38% (6)</b>	25% (4)	19% (3)	19% (3)	0% (0)	0% (0)	<b>2.19</b>
Hogs - Feeders	<b>100% (6)</b>	0% (0)	0% (0)	0% (0)	0% (0)	0% (0)	<b>1.00</b>
Hogs - Farrowed	<b>100% (6)</b>	0% (0)	0% (0)	0% (0)	0% (0)	0% (0)	<b>1.00</b>
Hogs - Finished	27% (3)	<b>45% (5)</b>	9% (1)	0% (0)	18% (2)	0% (0)	<b>2.36</b>

Sheep - Feeder lambs	<b>45% (5)</b>	18% (2)	0% (0)	18% (2)	9% (1)	9% (1)	<b>2.55</b>
Sheep - Slaughter/Fat lambs	<b>71% (5)</b>	14% (1)	14% (1)	0% (0)	0% (0)	0% (0)	<b>1.43</b>
Sheep - Slaughter ewes	<b>83% (5)</b>	17% (1)	0% (0)	0% (0)	0% (0)	0% (0)	<b>1.17</b>
Elk	<b>100% (6)</b>	0% (0)	0% (0)	0% (0)	0% (0)	0% (0)	<b>1.00</b>
Bison	<b>86% (6)</b>	0% (0)	14% (1)	0% (0)	0% (0)	0% (0)	<b>1.29</b>
Meat Goats	<b>62% (5)</b>	25% (2)	0% (0)	0% (0)	0% (0)	12% (1)	<b>1.88</b>
Rabbits	<b>100% (6)</b>	0% (0)	0% (0)	0% (0)	0% (0)	0% (0)	<b>1.00</b>
Chickens - broilers	29% (4)	0% (0)	0% (0)	7% (1)	<b>43% (6)</b>	21% (3)	<b>4.00</b>
Chickens - layers	<b>29% (4)</b>	14% (2)	14% (2)	14% (2)	<b>29% (4)</b>	0% (0)	<b>3.00</b>
<b>Total Respondents</b>							<b>35</b>
(skipped this question)							<b>25</b>

17. How are these animals/birds raised? (mark all that apply)						
	Does not apply	Conventional production	Certified organic	Non-certified organic	Grass-fed/free range	Respondent Total
Beef - Cow/calf pairs	25% (2)	25% (2)	0% (0)	38% (3)	<b>50% (4)</b>	<b>8</b>
Beef - Feeders	25% (6)	25% (6)	17% (4)	<b>42% (10)</b>	25% (6)	<b>24</b>
Beef - Finished	<b>43% (6)</b>	14% (2)	21% (3)	29% (4)	29% (4)	<b>14</b>
Hogs - Feeders	<b>100% (6)</b>	0% (0)	0% (0)	0% (0)	0% (0)	<b>6</b>
Hogs - Farrowed	<b>100% (6)</b>	0% (0)	0% (0)	0% (0)	0% (0)	<b>6</b>
Hogs - Finished	<b>38% (3)</b>	12% (1)	0% (0)	<b>38% (3)</b>	12% (1)	<b>8</b>
Sheep - Feeder lambs	<b>45% (5)</b>	0% (0)	0% (0)	36% (4)	27% (3)	<b>11</b>
Sheep - Slaughter/Fat lambs	<b>71% (5)</b>	0% (0)	0% (0)	0% (0)	29% (2)	<b>7</b>
Sheep - Slaughter ewes	<b>83% (5)</b>	0% (0)	0% (0)	0% (0)	17% (1)	<b>6</b>
Elk	<b>100% (6)</b>	0% (0)	0% (0)	0% (0)	0% (0)	<b>6</b>
Bison	<b>86% (6)</b>	0% (0)	14% (1)	0% (0)	0% (0)	<b>7</b>
Meat Goats	<b>62% (5)</b>	0% (0)	0% (0)	25% (2)	12% (1)	<b>8</b>

Rabbits	<b>100% (6)</b>	0% (0)	0% (0)	0% (0)	0% (0)	<b>6</b>
Chickens - broilers	29% (4)	7% (1)	0% (0)	<b>57% (8)</b>	14% (2)	<b>14</b>
Chickens - layers	31% (4)	0% (0)	0% (0)	<b>62% (8)</b>	8% (1)	<b>13</b>
<b>Total Respondents</b>						<b>33</b>
<b>(skipped this question)</b>						<b>27</b>

18. Please list other species you raise for food and the number of animals/birds in the space below.	
<b>Total Respondents</b>	<b>3</b>
<b>(skipped this question)</b>	<b>57</b>

#### Responses

- Turkeys – 200 (grass fed with grain)
- Beef steers & heifers –90 head  
Eggs 5-10 doz/wk

19. How are these animals/birds marketed?								
	Does not apply	Sales barn/broker	Sold to other producer	Direct marketed to consumers	Direct marketed to retailer	Farmer Coop	Other	Respondent Total
Beef - Cow/calf pairs	29% (2)	<b>43% (3)</b>	14% (1)	29% (2)	14% (1)	0% (0)	29% (2)	<b>7</b>
Beef - Feeders	27% (6)	<b>64% (14)</b>	14% (3)	0% (0)	0% (0)	0% (0)	5% (1)	<b>22</b>
Beef - Finished	40% (6)	0% (0)	0% (0)	<b>53% (8)</b>	20% (3)	0% (0)	7% (1)	<b>15</b>
Hogs - Feeders	<b>100% (6)</b>	0% (0)	0% (0)	0% (0)	0% (0)	0% (0)	0% (0)	<b>6</b>
Hogs - Farrowed	<b>100% (6)</b>	0% (0)	0% (0)	0% (0)	0% (0)	0% (0)	0% (0)	<b>6</b>
Hogs - Finished	25% (3)	8% (1)	0% (0)	<b>58% (7)</b>	17% (2)	8% (1)	8% (1)	<b>12</b>
Sheep - Feeder lambs	<b>45% (5)</b>	<b>45% (5)</b>	9% (1)	0% (0)	0% (0)	0% (0)	0% (0)	<b>11</b>
Sheep - Slaughter/Fat lambs	<b>71% (5)</b>	0% (0)	0% (0)	29% (2)	0% (0)	0% (0)	0% (0)	<b>7</b>
Sheep - Slaughter ewes	<b>83% (5)</b>	17% (1)	0% (0)	0% (0)	0% (0)	0% (0)	0% (0)	<b>6</b>
Elk	<b>100% (6)</b>	0% (0)	0% (0)	0% (0)	0% (0)	0% (0)	0% (0)	<b>6</b>
Bison	<b>86% (6)</b>	14% (1)	0% (0)	14% (1)	0% (0)	0% (0)	0% (0)	<b>7</b>
Meat Goats	<b>62% (5)</b>	25% (2)	0% (0)	12% (1)	12% (1)	0% (0)	0% (0)	<b>8</b>
Rabbits	<b>100% (6)</b>	0% (0)	0% (0)	0% (0)	0% (0)	0% (0)	0% (0)	<b>6</b>
Chickens - broilers	27% (4)	0% (0)	0% (0)	<b>67% (10)</b>	13% (2)	0% (0)	0% (0)	<b>15</b>
Chickens - layers	38% (5)	0% (0)	0% (0)	<b>54% (7)</b>	15% (2)	0% (0)	0% (0)	<b>13</b>
<b>Total Respondents</b>								<b>32</b>
(skipped this question)								<b>28</b>

Responses:

- We eat our own meat & give it to family; not certified organic beef because rules aren't practical.
- Registered breeding stock
- Sell hogs to Niman Ranch; sell beef to Coleman Natural Beef

20. If you marked "other" in the preceding question, please explain.	
<b>Total Respondents</b>	<b>8</b>
(skipped this question)	52

Responses:

- Haven't marketed any yet.
- We would raise turkeys if we had a processing infrastructure available
- Turkeys – farmer co-op

21. Please indicate the yearly cwt of milk produced by the following animals on your farm/ranch.							
	zero - does not apply	1- 1,000 cwt	1,000 - 4,000 cwt	4,001 - 10,000 cwt	10,001 - 20,000 cwt	More than 20,000 cwt	Response Average
Dairy cows	<b>62% (5)</b>	12% (1)	25% (2)	0% (0)	0% (0)	0% (0)	<b>1.63</b>
Dairy goats	<b>71% (5)</b>	14% (1)	0% (0)	14% (1)	0% (0)	0% (0)	<b>1.57</b>
<b>Total Respondents</b>							<b>9</b>
(skipped this question)							51

22. How are these animals raised? (Mark all that apply)						
	Does not apply	Conventional production	Certified organic	Non-certified organic	Grass-fed	Respondent Total
Dairy cows	<b>80% (4)</b>	0% (0)	0% (0)	20% (1)	0% (0)	<b>5</b>
Dairy goats	<b>67% (4)</b>	0% (0)	0% (0)	33% (2)	0% (0)	<b>6</b>
<b>Total Respondents</b>						<b>6</b>
(skipped this question)						54

23. How are these products marketed? (Mark all that apply)			
		Response Percent	Response Total
Sold to broker/wholesaler		0%	0
Sold through farmer coop		0%	0
Sold to processor		0%	0
<b>Other (please specify)</b>	<b>██████████</b>	<b>100%</b>	<b>1</b>
<b>Total Respondents</b>			<b>1</b>
(skipped this question)			59

24. Using a scale of 1 (not a problem) to 5 (severe problem) please indicate to what degree the following processing conditions have served as problems in the past three years. (Select one response per statement)							
	1. Not a problem	2. Slight problem	3. Moderate problem	4. Moderately severe problem	5. Severe problem	Does not apply	Response Average
Lack of licensed kitchens for processing and/or product development	12% (4)	3% (1)	9% (3)	6% (2)	21% (7)	50% (17)	3.41
Lack of federally inspected meat processing facilities	20% (8)	2% (1)	10% (4)	18% (7)	15% (6)	35% (14)	3.08
Obtaining information about state and local regulations	24% (9)	18% (7)	26% (10)	8% (3)	5% (2)	18% (7)	2.42
Development of labels and/or nutritional content	19% (7)	6% (2)	22% (8)	8% (3)	8% (3)	36% (13)	2.70
Lack of organically certified processors	23% (9)	5% (2)	13% (5)	15% (6)	26% (10)	18% (7)	3.19
Lack of specialty food processors	13% (5)	10% (4)	13% (5)	8% (3)	26% (10)	31% (12)	3.33
Lack of financing for	50% (4)	0% (0)	0% (0)	0% (0)	25% (2)	25% (2)	2.33



processing business							
Total Respondents							43
(skipped this question)							17

25. Please indicate any other processing problems/challenges you have experienced and rate them using the same scale.	
	<b>5</b>
	<b>55</b>

Responses:

- Lack of organic grains close enough to be economical
- Haven't been proactive in checking on these areas
- We cannot trust any meat plant – we do not get our own organic meat back!
- Marketing locally grown products to regional grocery stores (5); It appears the corporate world is heavily favored (5)
- Lack of smaller processing equipment for small on-farm processing on smaller scale. Ex: there is no processor for chopper rhubarb on the market that is less than \$20,000 and all of those are for chopping thousands of tons – not 2 tons.

26. Using a scale of 1 (not useful) to 5 (very useful) please indicate how useful the following processing information and/or services would be in improving your ability to process or market your organic or specialty products. (Select one response per statement)							
	<b>1. Not useful</b>	<b>2. Slightly useful</b>	<b>3. Moderately useful</b>	<b>4. Useful</b>	<b>5. Very useful</b>	<b>Does not apply</b>	<b>Response Average</b>
Access to federally inspected meat processor in my area	9% (4)	2% (1)	9% (4)	11% (5)	<b>35% (16)</b>	<b>35% (16)</b>	<b>3.93</b>
Access to licensed kitchen in my area	9% (4)	7% (3)	7% (3)	11% (5)	20% (9)	<b>45% (20)</b>	<b>3.50</b>
Development of labels and/or nutritional content	9% (4)	5% (2)	16% (7)	9% (4)	<b>33% (14)</b>	28% (12)	<b>3.71</b>
Information about state and federal food processing regulations	5% (2)	9% (4)	18% (8)	9% (4)	<b>43% (19)</b>	16% (7)	<b>3.92</b>
Information about food safety issues	7% (3)	0% (0)	23% (10)	16% (7)	<b>40% (17)</b>	14% (6)	<b>3.95</b>
Assistance creating a business plan for my processing	12% (5)	7% (3)	<b>28% (12)</b>	2% (1)	26% (11)	26% (11)	<b>3.31</b>

Assistance identifying regional organic food processors	9% (1)	9% (1)	0% (0)	9% (1)	<b>36% (4)</b>	<b>36% (4)</b>	<b>3.86</b>
Assistance identifying regional specialty food processors	10% (1)	0% (0)	0% (0)	10% (1)	<b>50% (5)</b>	30% (3)	<b>4.29</b>
<b>Total Respondents</b>							<b>46</b>
<b>(skipped this question)</b>							<b>14</b>

27. What other information/services would be helpful to you?	
<b>Total Respondents</b>	<b>1</b>
<b>(skipped this question)</b>	<b>59</b>

**Response:** Access to Capital

28. Using a scale of 1 (not a problem) to 5 (severe problem), please indicate to what degree the following marketing conditions have served as problems in the past three years. (Select one response per statement)							
	<b>1. Not a problem</b>	<b>2. Slight problem</b>	<b>3. Moderate problem</b>	<b>4. Moderately severe problem</b>	<b>5. Severe problem</b>	<b>Does not apply</b>	<b>Respondent Total</b>
Finding a market for organic products	18% (9)	<b>24% (12)</b>	<b>24% (12)</b>	18% (9)	10% (5)	6% (3)	<b>50</b>
Finding a market for specialty products	8% (4)	8% (4)	2% (1)	19% (9)	19% (9)	<b>44% (21)</b>	<b>48</b>
Obtaining access to existing organic markets	15% (7)	24% (11)	15% (7)	<b>28% (13)</b>	4% (2)	13% (6)	<b>46</b>
Obtaining access to existing specialty markets	9% (4)	9% (4)	11% (5)	23% (11)	6% (3)	<b>43% (20)</b>	<b>47</b>
Lack of organic	10% (5)	10% (5)	21% (10)	23% (11)	<b>29% (14)</b>	6% (3)	<b>48</b>

pricing information								
Lack of specialty pricing information	10% (5)	8% (4)	4% (2)	12% (6)	23% (11)	<b>42% (20)</b>	<b>48</b>	
Distance to available markets/delivery points	8% (4)	10% (5)	15% (7)	25% (12)	<b>38% (18)</b>	4% (2)	<b>48</b>	
Customer volume requirements	19% (9)	13% (6)	<b>26% (12)</b>	4% (2)	17% (8)	21% (10)	<b>47</b>	
Customer packaging and/or transportation requirements	11% (5)	16% (7)	18% (8)	11% (5)	9% (4)	<b>36% (16)</b>	<b>45</b>	
Lack of marketing networks	8% (4)	14% (7)	10% (5)	<b>27% (13)</b>	<b>27% (13)</b>	14% (7)	<b>49</b>	
Total Respondents							<b>51</b>	
(skipped this question)							<b>9</b>	

29. Please indicate any other marketing/services problems/challenges you have experienced and rate them using the same scale.	
<b>Total Respondents</b>	<b>5</b>
(skipped this question)	55

Responses:

- Lack of interest by health food stores
- No federal inspection
- Grain amount too small for truck after other loads hauled out (moderately severe problem)
- Broken contracts (severe problem)
- Markets respecting prices (severe problem)

30. Using a scale of 1 (not useful) to 5 (very useful) please indicate how useful the following marketing information or services would be.							
	1. Not useful	2. Slightly useful	3. Moderately useful	4. Useful	5. Very useful	Does not apply	Respondent Total
Assistance determining appropriate pricing for products.	6% (3)	2% (1)	17% (8)	12% (6)	<b>56% (27)</b>	6% (3)	<b>48</b>
Direct-to-consumer market information/development	11% (5)	0% (0)	18% (8)	20% (9)	<b>45% (20)</b>	5% (2)	<b>44</b>
Direct-to-retailer market information/development	11% (5)	2% (1)	13% (6)	20% (9)	<b>44% (20)</b>	9% (4)	<b>45</b>
Wholesale market information/development	11% (5)	2% (1)	25% (11)	7% (3)	<b>36% (16)</b>	18% (8)	<b>44</b>
Local/regional market development and consumer education	7% (3)	0% (0)	18% (8)	16% (7)	<b>55% (24)</b>	5% (2)	<b>44</b>
Development of marketing coops/associations	7% (3)	10% (4)	17% (7)	10% (4)	<b>52% (22)</b>	5% (2)	<b>42</b>
Assistance identifying potential customers	7% (3)	4% (2)	16% (7)	13% (6)	<b>53% (24)</b>	7% (3)	<b>45</b>
<b>Total Respondents</b>							<b>48</b>

(skipped this question)	12
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31. What information or services would have the greatest positive effect on the economic sustainability of your farm/ranch and/or processing business? (You may use the preceding responses or state your own ideas)	
Total Respondents	32
(skipped this question)	28

Responses:

- To be able to find out what a fair price is for our crops rather than just take the word of the buyers.
- Financial assistance – I’ve watched 2 carrot businesses and a bean plant go down because in order to show profitability on paper you need to get big, so they expanded and ended up losing everything because they can’t service the debt they take on.
- A cooperative effort with a guiding presence which the old co-ops had in a “field man” who handle many details and marketing which was difficult for individuals to do
- How to get rid of government control
- The knowledge of the market prices for my products, also the proper price for products
- Info on certification nuances and the organic processors nearest to us
- Livestock raiser networks for grass finished that would pool/share resources/load
- Closer Processor, Closer organic grain provider; closer inspections; change law to allow movement across borders
- More LOCAL markets
- Access to Marketing “bulletin board” for producers & processors looking to buy or sell
- Consumer education – especially about CSA (community supported ag) would help. So would being able to partner with local farmers interested in converting to organic, sustainable, and/or CSA systems.
- This survey & the development of marketing group for organic commodities
- Education aimed at bringing people together, to work toward the common good of the group.
- Clearing house to allow producers to find interested consumers
- Increasing nutrition education throughout the area-much like Sally Fallon’s info to change people’s eating habits. Increase marketing & consumption of local foods.
- Locally processed and locally used
- Consumer direct sales
- Reliable, consistent grain markets
- Information pricing for products & buyers, available transportation of products
- Identifying potential customers
- Developing marketing networks based on value chain arrangements and linked to highly differentiated food markets.
- Do not know right now
- Organic processing facilities
- Website telling me current buyers & prices for the crops I grow
- Higher prices

- Pricing information
- Finding markets that respect sustainable price
- Local group of like-minded farmers & sharing of resources of equipment
- We would like to raise cert. organic grass fed beef and market it directly if possible. Some of the workshops this weekend are very helpful.
- Advertising; a brand name; a certified organic label, quality testimonials
- Developing contacts w/ retailers (restaurants) so we could sell more and find a way to reach farther than just around the corner.
- Direct to consumer marketing info; Direct to retailer marketing info; assistance identifying potential customers.

## **Processors Survey Summary**

### **August 2005**

The survey was prepared and administered by the Northern Plains Sustainable Agriculture Society (NPSAS) with technical assistance provided by the North Dakota State University Extension Service. The survey was conducted on-line and notices were sent out to more than 150 North Dakota processors through email. Since all respondents did not respond to all the questions, results are based on the collected responses for that question unless stated otherwise.

### **Processor Demographics**

Sixteen processors responded to the Organic and Specialty Food Processors Survey, with 57 percent of respondents indicating their companies were corporations, 21 percent sole proprietorships, 21 percent partnerships, no cooperatives and 1 percent not responding.

Sixty-four percent of the processors surveyed indicated they had between one and five full-time employees, with only one processor indicating they employed more than 25 full-time employees. Similarly, 42 percent of respondents indicated their companies employed between one and five part-time employees. This seems to indicate that the processors responding to this survey tended to be small companies with less than ten employees.

Respondents indicated producing a wide variety of food products including: meats, fresh and processed fruits and vegetables, wine, dairy products, milled products, baked goods, candy, dried seasoning mixes, and oils. Twenty-five percent of respondents were certified organic and 13 percent were Kosher certified.

### **Organic Products**

Twenty-five percent of survey respondents indicated their companies had expanded into organic products in the past five years. Another 13 percent researched organic products, but did not expand and 19 percent considered expanding into organic products. A variety of reasons for not expanding were cited, including: lack of regional consumer interest, lack of funding for expansion and research determined the market would not bear the additional costs involved with organic products. Twenty-five percent of respondents indicated their companies plan to expand into new or organic products within one year and another six percent within three years.

Respondents indicated using a variety of sources for raw organic products, including: grower contracts, spot market direct from growers, grower cooperatives, brokers and farmers markets. When asked what percentage of their organic ingredients was sourced from North Dakota producers, respondents indicated a wide range from 25 percent to more than 75 percent. Of the organic processors, half of them had no problem sourcing organic raw ingredients regionally, while the other half indicated they could not source enough of these products regionally, specifically citing a lack of organic and high protein soybeans. Only 25 percent of the responding organic processors indicated they were not processing at their desired capacity.

These organic processors market their organic products through a variety of marketing channels, including: directly to consumers via farmers markets and the internet; through wholesalers; directly to manufacturers, importers and exporters. Respondents indicated very little if any of their organic products were sold within the five state region.



### Specialty Products<sup>7</sup>

Fifty-six percent of respondents indicated their companies had expanded into specialty products (other than organic) in the past five years. Thirty-one percent of respondents indicated they intended to expand into new or additional specialty products within one year.

Respondents indicated they produced a wide variety of specialty products, including: identity preserved and non-genetically modified organism commodities, growth hormone free fluid milk, beef jerky and sausage products, jellies and jams, candy and dry soup and dip mixes.

Like the organic processors, the specialty food processors also sourced their raw ingredients from a mixture of sources. Forty-four percent of the specialty processors sourced raw ingredients spot market direct from growers and through grower contracts. Another 33 percent sourced ingredients from grower cooperatives with another 22 percent reporting using brokers to source ingredients. Other sources of ingredients listed include other processors, local grocers and from the business owner's farm. Fifty percent of specialty food processors indicated they source between 76 and 100 percent of their raw ingredients from North Dakota. Fifty-six percent of specialty processors responded that there are enough raw ingredients available regionally to meet their processing needs. Forty-four percent of respondents indicated there are not enough raw ingredients available regionally and specifically cited a need for dehydrated vegetables from North Dakota and identity preserved non-genetically modified soybeans. Only 22 percent of respondents indicated they were not operating at their desired capacity with one respondent indicating a recently started business, which is still growing.

These specialty food processors sell their products through a variety of marketing channels. Sixty-seven percent reported using the internet to sell directly to consumers and another 56 percent sold their products through a wholesaler. Other channels used included brokers, direct to consumers via farmers markets, Pride of Dakota shows, direct sales to importers and manufacturers and through retail stores. Thirty-eight percent of the specialty processors estimated more than 76 percent of their finished product is sold within a five state region.

### Processors' Challenges & Needs

When asked to identify processing conditions which have served as problems in the past three years, respondents indicated the following based on a scale of 1 (not a problem) to 5 (severe problem):

<b>Problematic processing conditions in the past 3 years</b>	<b>Response Average</b>
Energy costs	2.82
Transportation availability & costs	2.64
Financing opportunities for processing businesses	2.45
Access to raw specialty ingredients	2.33
Access to raw organic ingredients	2.29
Lack of facilities for processing/product development	2.09

It is important to note that energy costs and transportation availability and costs are the most highly ranked challenges for processors and these challenges are difficult to alleviate. However, the following three challenges (financing and access to raw specialty and organic ingredients) are ranked as some of the most useful services that could be provided to processors (see below).

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<sup>7</sup> Specialty food products were defined in the survey as being manufactured from the highest quality ingredients to produce a uniquely marketable product commanding a high price, which is excerpted from the National Association for Specialty Food Trade (NASFT).

When asked to identify marketing conditions which have served as problems in the past three years, respondents indicated the following based on a scale of 1 (not a problem) to 5 (severe problem):

<b>Problematic marketing conditions in the past 3 years</b>	<b>Response Average</b>
Lack of organic/specialty pricing information	2.63
Obtaining access to existing organic/specialty markets	2.50
Lack of distribution services for organic/specialty foods	2.44
Lack of consumer education	2.25
Distance to available markets/delivery points	2.11
Customer packaging/transport requirements	2.11
Finding markets for organic/specialty products	2.00

When asked to rate the usefulness of potential information & services, respondents indicated the following based on a scale of 1 (not useful) to 5 (very useful):

<b>Usefulness of potential information &amp; services</b>	<b>Response Average</b>
Local/regional market development	3.00
Additional distribution services for organic/specialty foods	2.89
Assistance identifying potential suppliers of raw products/ingredients	2.78
Financing opportunities for processing business	2.66
Consumer education	2.62

Interestingly, the services identified as useful by food processors seem to closely correspond to those of producers. These areas include:

4. Marketing, which includes local and regional market development as well as consumer education;
5. Additional distribution services for organic/specialty foods; and
6. Assistance identifying potential suppliers of raw products or ingredients.

## Processor Survey Results

1. What type of entity is this company? (Select one; type "other" responses in the blank below)			
		Response Percent	Response Total
A. Sole proprietor		21.4%	3
B. Partnership		21.4%	3
C. Farmers' Cooperative		0%	0
<b>D. Corporation</b>		<b>35.7%</b>	<b>5</b>
Other (please specify)		21.4%	3
<b>Total Respondents</b>			<b>14</b>
(skipped this question)			2

2. How many year-round full-time employees work at your company? (Select one)			
		Response Percent	Response Total
A. 0		21.4%	3
B. 1		7.1%	1
<b>C. 2-5</b>		<b>57.1%</b>	<b>8</b>
D. 6-10		7.1%	1
E. 11-25		0%	0
F. More than 25		7.1%	1
<b>Total Respondents</b>			<b>14</b>
(skipped this question)			2

3. How many part-time employees work at your company? (Select one)			
		Response Percent	Response Total
<b>A. 0</b>		<b>28.6%</b>	<b>4</b>

B. 1		14.3%	2
<b>C. 2-5</b>		<b>28.6%</b>	<b>4</b>
D. 6-10		21.4%	3
E. 11-25		7.1%	1
F. More than 25		0%	0
<b>Total Respondents</b>			<b>14</b>
(skipped this question)			2

4. Where does your company currently market its food products? (Check all that apply)			
		<b>Response Percent</b>	<b>Response Total</b>
A. Locally		57.1%	8
B. Statewide		35.7%	5
<b>C. Regionally</b>		<b>71.4%</b>	<b>10</b>
D. Nationally		42.9%	6
E. Internationally		14.3%	2
<b>Total Respondents</b>			<b>14</b>
(skipped this question)			2

5. What types of food products does this company produce? (Check all that apply)			
		<b>Response Percent</b>	<b>Response Total</b>
A. Meats: unprocessed and/or processed		7.1%	1
B. Fresh fruits/vegetables: salad mix, chopped, etc.		14.3%	2
C. Processed fruits/vegetables: dehydrated, canned or frozen		7.1%	1
D. Juice, cider		0%	0
E. Wine		7.1%	1
F. Dairy products: liquid milk, butter, cheese, yogurt, ice cream		14.3%	2
G. Dairy substitutes: soy/rice milk, etc.		0%	0

H. Milled products: flours, baking mixes		14.3%	2
I. Baked foods		7.1%	1
Other (please specify)		42.9%	6
<b>Total Respondents</b>			<b>14</b>
(skipped this question)			2

Other responses:

- Candy
- IP food grade commodities
- Jelly, jam, syrup
- Organic grain products – primarily flaxseed
- Dried soup mixes, dips & seasoning mixes, jams, jellies & syrups, scones, “gourmet” foods
- Beans, grains, seeds, meals, flour, oils

6. Does this company have any of the following certifications? (Check all that apply)			
		Response Percent	Response Total
A. Organic		66.7%	4
B. Kosher		33.3%	2
Other (please specify)		16.7%	1
<b>Total Respondents</b>			<b>6</b>
(skipped this question)			10

Other: USDA Inspected meat plant w/ approved HACCP plan

7. Has your company expanded into organic products in the past 5 years? ( Select one)			
		Response Percent	Response Total
A. Yes		36.4%	4
B. Researched, but didn't expand		18.2%	2
C. Considered		27.3%	3
D. Never considered		18.2%	2
<b>Total Respondents</b>			<b>11</b>

Skipped this question (5)

8. If your company researched organic products, but did not expand into them, please explain why.

**Total Respondents** 4

(skipped this question) 12

#### Responses

- Money was short, looking for funds
- We felt market would not bear the additional costs involved and in our part of the country there wasn't too much consumer interest.
- TOO EXPENSIVE
- Can't answer this question with my history of the company

9. Does your company plan to expand into new or additional organic products? (Select one)

		Response Percent	Response Total
A. Yes, within 1 year		30.8%	4
B. Yes, within 3 years		7.7%	1
C. No expansion planned		61.5%	8
<b>Total Respondents</b>			<b>13</b>
(skipped this question)			3

10. Has your company expanded into specialty products (other than organic) in the past 5 years? (Select one)

		Response Percent	Response Total
A. Yes		69.2%	9
B. Researched but didn't expand		0%	0
C. Considered		7.7%	1
D. Never considered		15.4%	2
E. Doesn't apply		7.7%	1

<b>Total Respondents</b>	<b>13</b>
(skipped this question)	3

11. If your company researched specialty products, but did not expand into them, please explain why.

<b>Total Respondents</b>	<b>1</b>
(skipped this question)	15

Response: Growth hormone free fluid dairy

12. Does your company plan to expand into new or additional specialty products (other than organic)? (Select one)

		<b>Response Percent</b>	<b>Response Total</b>
A. Within 1 year		41.7%	5
B. Within 3 years		0%	0
C. No expansion planned		58.3%	7
<b>Total Respondents</b>			<b>12</b>
(skipped this question)			4

13. What are this company's approximate gross sales of organic food products? (Select one)

		<b>Response Percent</b>	<b>Response Total</b>
A. \$0		62.5%	5
B. \$1 - 9,999		12.5%	1
C. \$10,000 - 49,999		0%	0
D. \$50,000 - 74,999		0%	0
E. \$75,000 - 99,000		12.5%	1
F. \$100,000 - 499,999		0%	0
G. More than \$500,000		12.5%	1
<b>Total Respondents</b>			<b>8</b>

(skipped this question)	8
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14. What organic certification company certifies your company? (Select one)			
		Response Percent	Response Total
A. International Certification Services, Inc. (ICS)		40%	2
B. Organic Crop Improvement Association (OCIA)		40%	2
C. Stellar Certification Services		0%	0
D. Global Organic Alliance, Inc.		0%	0
E. Quality Assurance International (QAI)		0%	0
Other (please specify)	(not certified organic)	20%	1
Total Respondents			5
(skipped this question)			11

15. How does this company source organic raw ingredients for processing? (Check all that apply)			
		Response Percent	Response Total
A. Spot market direct from growers		50%	2
B. Grower contracts		75%	3
C. Grower cooperatives		50%	2
D. Brokers		50%	2
Other (please specify)		50%	2
Total Respondents			4
(skipped this question)			12

**Other Responses:**

- Supplier
- Farmers Markets & On-Farm Sales



16. What percentage of total organic ingredients is sourced from ND producers? (Select one)			
		Response Percent	Response Total
A. 0%		25%	1
B. 1 - 25%		0%	0
C. 26 - 50%		25%	1
D. 51 - 75%		25%	1
E. 76 - 100 %		25%	1
F. I don't know		0%	0
Total Respondents			4
(skipped this question)			12

17. Are enough raw products/ingredients available regionally to meet your organic processing needs?			
		Response Percent	Response Total
A. Yes		50%	2
B. No		50%	2
Total Respondents			4
(skipped this question)			12

18. If you answered "no" to the above question, please list raw products not regionally available.			
Total Respondents			2
(skipped this question)			14

**Responses:**

- High protein soybeans
- Organic soybeans

19. In organic products, is the company processing at desired capacity?			
		Response Percent	Response Total
A. Yes		75%	3
B. No		25%	1
Total Respondents			4
(skipped this question)			12

20. If you answered "no" in the above question, please explain what barriers prevent processing at the desired capacity.

**Total Respondents** 1

(skipped this question) 15

Response: We have the ability to process additional quantities

21. How does your company sell organic products? (Mark all that apply)

		Response Percent	Response Total
A. Direct to consumers via internet		20%	1
B. Direct to consumers via farmers markets		40%	2
C. Direct to retail grocery stores		0%	0
D. Direct to retail food co-ops		0%	0
E. Through a food co-op/natural foods distributor		0%	0
F. Through a broker		0%	0
G. Through a wholesaler		40%	2
Other (please specify)		60%	3
<b>Total Respondents</b>			<b>5</b>
(skipped this question)			11

**Other Responses:**

- Gift shops – local
- Overseas direct
- Direct to manufacturer & importers

22. What percentage of finished organic products does your company sell within a 5 state region? (Select one)

		Response Percent	Response Total
A. 0%		50%	3
B. 1 - 10%		33.3%	2
C. 11 - 25%		0%	0

D. 26 - 50%		0%	0
E. 51 - 75%		0%	0
F. 76 - 100%		16.7%	1
G. I don't know		0%	0
<b>Total Respondents</b>			<b>6</b>
(skipped this question)			<b>10</b>

23. What are this company's approximate gross sales of specialty food products other than organic? (Select one)			
		<b>Response Percent</b>	<b>Response Total</b>
A. \$0		11.1%	1
B. \$1 - 9,999		11.1%	1
C. \$10,000 - 49,999		11.1%	1
D. \$50,000 - 74,999		0%	0
E. \$75,000 - 99,000		11.1%	1
<b>F. \$100,000 - 499,999</b>		<b>44.4%</b>	<b>4</b>
G. More than \$500,000		11.1%	1
<b>Total Respondents</b>			<b>9</b>
(skipped this question)			<b>7</b>

24. Please briefly describe or list the specialty products your company processes.

**Total Respondents** 8

(skipped this question) 8

Responses:

- Dry soup mixes, meat rubs, cheese ball & dip mixes, batter breads
- Candy, caramel, other sauces
- IP, non-GMO commodities
- Jelly, jam & syrup
- Beef jerky & various sausage products
- Clean flaxseed for seed, human & livestock markets
- IP Non-GMO
- Growth hormone free fluid dairy

25. How does this company source raw specialty ingredients for processing? (Check all that apply)

		Response Percent	Response Total
A. Spot market direct from growers		44.4%	4
B. Grower contracts		44.4%	4
C. Grower cooperatives		33.3%	3
D. Brokers		22.2%	2
Other (please specify)		44.4%	4
<b>Total Respondents</b>			<b>9</b>
(skipped this question)			7

Other responses:

- Food processors
- Local grocers
- Raises some & purchases berries from individuals
- Other processing plant

26. What percentage of total specialty ingredients is sourced from ND producers? ( Select one)

		Response Percent	Response Total
A. 0%		0%	0
B. 1 - 25%		12.5%	1
C. 26 - 50%		12.5%	1
D. 51 - 75%		12.5%	1

E. 76 - 100%		50%	4
F. I don't know		12.5%	1
Total Respondents			8
(skipped this question)			8

27. Is enough raw product available regionally to meet your specialty processing needs?			
		Response Percent	Response Total
A. Yes		55.6%	5
B. No		44.4%	4
Total Respondents			9
(skipped this question)			7

28. If you answered "no" to the question above, please list the raw products not regionally available.			
Total Respondents			3
(skipped this question)			13

Responses:

- We would like dehydrated vegetables from ND like potato cubes, carrots, corn, red peppers, onions, etc.
- More processing capacity is available
- IP non-GMO soybeans

29. In specialty products, is the company processing at desired capacity?			
		Response Percent	Response Total
A. Yes		77.8%	7
B. No		22.2%	2
Total Respondents			9
(skipped this question)			7

30. If you answered "no" to the question above, please explain what barriers prevent processing at the desired capacity?			
Total Respondents			2
(skipped this question)			14

**Response:** We have just started the plant, so we are still growing the business.

31. How does your company sell specialty products? (Mark all that apply)			
		Response Percent	Response Total
A. Direct to consumers via internet		66.7%	6
B. Direct to consumers via farmers markets		22.2%	2
C. Direct to retail grocery stores		11.1%	1
D. Direct to retail food co-ops		0%	0
E. Through a food co-op/natural foods distributor		0%	0
F. Through a broker		22.2%	2
G. Through a wholesaler		55.6%	5
Other (please specify)		66.7%	6
Total Respondents			9
(skipped this question)			7

Other Responses:

- Pride of Dakota Retail Show
- Local Gift Shops
- Direct
- Gift Stores
- Direct to importers & manufacturers
- Retail - C-Stores

32. What percentage of finished specialty products does your company sell within a 5 state region? (Select one)			
		Response Percent	Response Total
A. 0%		0%	0
B. 1 - 10%		25%	2

C. 11 - 25%		0%	0
D. 26 - 50%		12.5%	1
E. 51 - 75%		25%	2
<b>F. 76 - 100%</b>		<b>37.5%</b>	<b>3</b>
G. I don't know		0%	0
<b>Total Respondents</b>			<b>8</b>
(skipped this question)			8

33. Using a scale of 1 (Not a problem) to 5 (Severe problem) please indicate to what degree the following processing conditions have served as problems in the past three years. (Select one response per statement; 1 = not a problem; 3 = neutral; 5 = severe problem)

	1. Not a problem	2. Minor problem	3. Moderate problem	4. Significant problem	5. Severe problem	6. Doesn't apply	Respondent Total
A. Lack of facilities for processing and/or product development	45% (5)	27% (3)	9% (1)	9% (1)	9% (1)	0% (0)	11
B. Lack of federal inspectors for meat processing facilities	40% (4)	0% (0)	0% (0)	10% (1)	0% (0)	50% (5)	10
C. Obtaining information about state and federal regulations	55% (6)	18% (2)	9% (1)	0% (0)	0% (0)	18% (2)	11
D. Development of labels and/or nutritional content information	55% (6)	0% (0)	27% (3)	9% (1)	0% (0)	9% (1)	11
E. Access to raw certified organic ingredients	27% (3)	9% (1)	18% (2)	0% (0)	9% (1)	36% (4)	11
F. Access to raw specialty ingredients	20% (2)	40% (4)	10% (1)	20% (2)	0% (0)	10% (1)	10
G. Financing opportunities for processing businesses	36% (4)	18% (2)	18% (2)	18% (2)	9% (1)	0% (0)	11
H. Environmental regulations	45% (5)	27% (3)	9% (1)	9% (1)	0% (0)	9% (1)	11
I. Workforce	27% (3)	45% (5)	18% (2)	9% (1)	0% (0)	0% (0)	11
J. Energy costs	9% (1)	27% (3)	45% (5)	9% (1)	9% (1)	0% (0)	11
K. Transportation availability & costs	18% (2)	18% (2)	45% (5)	18% (2)	0% (0)	0% (0)	11
Total Respondents							11



(skipped this question)	5
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34. If there are any other problems related to processing conditions, please specify		
	Total Respondents	2
	(skipped this question)	14

#### Responses

- I find it hard to purchase ingredients wholesale. I pay the same price for sugar, cream, butter, milk & chocolate as everyone else. How can I make a decent profit?
- Difficulty in getting organic certifiers to explain conditions and how to correct them.

35. Using a scale of 1 (Not a problem) to 5 (Severe problem) please indicate to what degree the following marketing conditions have served as problems in the past three years. (Select one response per statement; 1 = not a problem; 3 = neutral; 5 = severe problem)							
	1. Not a problem	2. Minor problem	3. Moderate problem	4. Significant problem	5. Severe problem	6. Doesn't apply	Respondent Total
A. Finding a market for your organic/specialty <sup>a</sup> products	22% (2)	44% (4)	22% (2)	0% (0)	0% (0)	11% (1)	9
B. Obtaining access to existing organic/specialty markets	11% (1)	22% (2)	56% (5)	0% (0)	0% (0)	11% (1)	9
C. Lack of distribution services for organic/specialty foods	22% (2)	22% (2)	44% (4)	11% (1)	0% (0)	0% (0)	9
D. Lack of organic/specialty pricing <sup>a</sup> information	22% (2)	22% (2)	22% (2)	11% (1)	11% (1)	11% (1)	9
E. Distance to available markets/delivery <sup>a</sup> points	33% (3)	33% (3)	22% (2)	11% (1)	0% (0)	0% (0)	9
F. Customer volume requirements	22% (2)	33% (3)	33% (3)	11% (1)	0% (0)	0% (0)	9
G. Customer packaging and/or transport <sup>a</sup> requirements	44% (4)	11% (1)	33% (3)	11% (1)	0% (0)	0% (0)	9
H. Lack of marketing networks	44% (4)	22% (2)	22% (2)	11% (1)	0% (0)	0% (0)	9

36. If there are any other problems related to marketing conditions, please specify  
(0 Respondents)

37. Using a scale of 1 (Not useful) to 5 (Very useful) please indicate to what degree the following information and/or services would be to improving your ability to process and/or market your organic or specialty products. (Select one response per statement; 1 = not useful; 3 = neutral; 5 = very useful)

	1. Not useful	2. Slightly useful	3. Neutral	4. Moderately useful	5. Very useful	Respondent Total
A. Access to licensed facilities <sup>a</sup>	22% (2)	33% (3)	33% (3)	11% (1)	0% (0)	9

				useful		
A. Access to licensed facilities for processing, and/or product development	22% (2)	33% (3)	33% (3)	11% (1)	0% (0)	9
B. Increased access to federal meat inspectors	62% (5)	12% (1)	25% (2)	0% (0)	0% (0)	8
C. Assistance developing labels and/or nutritional content information	22% (2)	11% (1)	33% (3)	22% (2)	11% (1)	9
D. Information about state and federal regulations	22% (2)	33% (3)	33% (3)	11% (1)	0% (0)	9
E. Information about organic processing regulations	44% (4)	33% (3)	22% (2)	0% (0)	0% (0)	9
F. Information about food safety issues	22% (2)	44% (4)	22% (2)	11% (1)	0% (0)	9
G. Assistance identifying potential suppliers of raw products or ingredients	22% (2)	33% (3)	11% (1)	11% (1)	22% (2)	9
H. Financing opportunities for processing business	33% (3)	11% (1)	33% (3)	0% (0)	22% (2)	9
I. Organic/specialty consumer research	33% (3)	44% (4)	22% (2)	0% (0)	0% (0)	9
J. Assistance determining appropriate pricing for products	33% (3)	33% (3)	11% (1)	22% (2)	0% (0)	9
K. Additional distribution services for specialty/organic foods	11% (1)	22% (2)	33% (3)	33% (3)	0% (0)	9
L. Local/regional market development	11% (1)	22% (2)	33% (3)	22% (2)	11% (1)	9
M. Consumer education	25% (2)	25% (2)	25% (2)	12% (1)	12% (1)	8

<b>Total Respondents</b>	<b>9</b>
(skipped this question)	7

38. If there are any other information sources and/or services that would used to improve your ability to process and/or market your organic or specialty products, please specify

<input type="checkbox"/> <b>Total Respondents</b>	<b>0</b>
(skipped this question)	16

## MDA Organic Activities 2003-2005

For more information on any of the efforts listed here, contact Meg Moynihan at 651-297-8916 or at [meg.moynihan@state.mn.us](mailto:meg.moynihan@state.mn.us)

### Selected ongoing projects

- ❖ Deliver federal **Organic Cost Share Program** payments  
261 applications in 2002/2003 (\$98,460 disbursed)  
288 applications in 2003/2004 (\$115,716 disbursed)
- ❖ Coordinate annual **Minnesota Organic Conference**
- ❖ Co-sponsor a **Minnesota Organic Network** that connects multiple stakeholders and facilitates information sharing and promotes collaboration around emerging organic opportunities through listserv and monthly conference call.
- ❖ Advise Minnesota Farm Radio Network's weekly **Organic Minute** (grower and industry profiles).
- ❖ Produce a yearly **Directory of USDA-Accredited Certifiers Active in Minnesota**  
Available at [www.mda.state.mn.us/esap/organic](http://www.mda.state.mn.us/esap/organic)
- ❖ Liaise with **MDA Organic Advisory Task Force**, a 14-member committee that meets quarterly to advise the Commissioner on organic opportunities and issues relevant to the MDA.
- ❖ Coordinate a multiple-agency **Memorandum of Understanding on Organic Agriculture in Minnesota**  
Current signatories include: MDA, NRCS, FSA, Univ. of MN, Univ. of MN-Extension
- ❖ Produce biennial **Status of Organic Agriculture in Minnesota** report to the Legislature.  
Copies at [www.mda.state.mn.us/esap/organic](http://www.mda.state.mn.us/esap/organic)
- ❖ Provide **production and certification information and referrals** via phone and e-mail.
- ❖ Respond to **organic inquiries from food processors**.  
Handled by MDA Marketing Division.

### Completed Projects

- ❖ Led **Organic Outreach** project funded by USDA Risk Management Agency (\$85,410; 1 year)
  - Expanded an organic farmer mentor program, ensuring geographic and production diversity, as well as reliability.

- Created farmer-initiated, on-farm outreach demonstrations of organic practices to help growers discover and share insights about organic production and economics.
  - Produced and disseminated three organic processing fact sheets
- ❖ Led ***Organic Short Course for Ag Professionals*** workshop series, funded by SARE Professional Development Program (\$59,360; 3 years)  
 Six, daylong introductory courses throughout Minnesota.  
 Progress report at:  
<http://www.mda.state.mn.us/esap/organic/saeshortcourse.pdf>

**NOTE: Minnesota is NOT an organic certifying agency, nor does it intend to become a USDA State Organic Program**

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<sup>i</sup> Source: Economic Research Service, USDA

<sup>ii</sup> The organic yields were derived by discounting USDA NASS average 10-year data for conventional North Dakota crops by 5 percent. This percentage is based on a comparative study of US studies comparing organic and conventional yields, which found "organic production yielded 95% of crops grown under conventional high-input conditions." (Soil Association. 2005. *Information Sheet: Organic Yields*. Available at [www.soilassociation.org/web/sa/saweb.nsf/librarytitles/1B4a2.HTML](http://www.soilassociation.org/web/sa/saweb.nsf/librarytitles/1B4a2.HTML)). However, it should be noted that actual organic yields may equal or even exceed conventional averages. Also, many organic specialty crops produced in North Dakota do not have conventional yield data reported through the USDA NASS.

<sup>iii</sup> Source: Economic Research Service, USDA